



Senate Bill 98 Proponent Testimony
Ohio Senate Judiciary Committee
Ohio Secretary of State Frank LaRose
June 21, 2023

Chair Manning, Vice Chair Reynolds, Ranking Member Hicks-Hudson, and members of the Ohio Senate Judiciary Committee, thank you for allowing me the opportunity to provide proponent testimony to Senate Bill 98.

As you know, my statutory duty as Ohio's Secretary of State is to help Ohioans pursue the American Dream of participating in democracy and building a business. Today, I am here to talk about the second part of that mission.

In recent years, our Office has seen Ohio become a top destination for job creators, with record business filings posted in both January and February of this year. Setting aside our political differences, I know we all share a common interest in helping these businesses grow and prosper.

Unfortunately, we've become all too aware of the increasing vulnerability these job creators have to bad actors who want to do them harm. These criminals work tirelessly to steal and defraud from hard-working Ohioans, many of whom don't have the financial resources to pay for attorneys who can help them fight back.

Similar to the administration of our elections, bad actors are dynamic in their approach to steal from Ohio businesses. They only have to be right one time to do serious damage, and we have to be right every day. My Office has seen fraudsters and criminals change the name of a statutory agent of a legitimate business, then file documents with my Office to close the business, only to then open a fraudulent business with a similar name and identity and a new checking account. Then they proceed to steal the checks belonging to the business they've victimized or even open a line of credit by using that business's history. It's shocking in its audacity and devastating to victims.

Some criminals even search for businesses that have been closed for decades and that might have money held in Ohio's Unclaimed Funds. They reopen those defunct

businesses with the Secretary of State's Office and then apply for – and steal – the Unclaimed Funds¹.

When a business owner falls victim to business identity theft, they contact my Office to raise this issue. Unfortunately, Ohio law does not permit us to act. The business owner must be granted a court order that instructs my Office to close the business and take the necessary steps to end the fraudulent activity. This places the burden on the business owner to hire attorneys, navigate the complicated judicial system, take action to end the fraudulent activity, and notify the Attorney General of these potential crimes. My Office's hands are currently tied, and Ohio law does not adequately protect the good-faith businesses trying to make a living here.

We've even become aware of bad actors who send solicitations to predominantly small business owners, informing them they must pay a fee to access their business records with the Secretary of State's Office. In many instances, these solicitations will look like an official document, with alarming language that seeks to scare small businesses owners into paying a fee to these fraudsters, who then dishonestly provide the records to the business owner. The most common record that is referenced in these fraudulent solicitations is a Certificate of Good Standing. These are public documents that can be accessed from my office for a \$5 fee. By allowing these solicitations to go unchecked, small business owners are intimidated into paying the bad actors for documents that can be directly obtained from my Office for little to no cost.

We must do better by our business owners. That is why I fully support Senate Bill 98. This legislation would allow the Secretary of State's Office to immediately act when a business owner contacts us to report business identity theft. My Office can then investigate, and if we believe fraud has likely occurred, we can submit our findings to the Attorney General for investigative and potentially criminal enforcement action. The Attorney General can then order my office to cancel the business filings. By empowering both the Secretary of State and the Attorney General to investigate these claims, we can combat business identity theft instead of requiring the business owner to spend time and treasure in the courts to reach an effective outcome.

This legislation also requires that any individual seeking to charge a fee for providing public business records must make it clear that the records may be obtained for free or at a lower cost through the Secretary of State's Office. These solicitations are prohibited

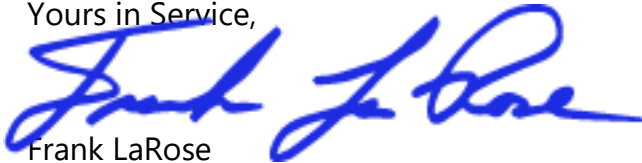
¹ <https://www.dispatch.com/story/news/courts/2023/02/24/columbus-man-steals-over-486k-from-unclaimed-funds-held-by-ohio/69937901007/>

from using any language that would establish a deadline or make the document appear to be from a local, state, or federal governmental office.

Senate Bill 98 is legislation that is vital to the economic health and security of our state and its job creators, and it's won the support of our business community – from the Ohio Chamber of Commerce to the NFIB.

Finally, I want to commend Senator Rulli's leadership on combatting business identity fraud with the introduction of this legislation, and I would be happy to answer any questions the committee may have at this time.

Yours in Service,



Frank LaRose

Ohio Secretary of State