



IOWA HOUSE DEMOCRATS

BILL SUMMARY

Illegal Scanning Devices HF 2199

Status of Bill: House Floor
Committee: Judiciary (19-0)

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Lead Democrat: Rep. R. Smith
Floor Manager: Rep. Nunn

Background

Under current law, a person commits a class “D” felony if the person uses a scanning device to access, read, obtain, memorize, or store information on a payment card without the permission of the user of the payment card and with the intent to defraud the card user, card issuer, or merchant. Current law also makes it a class “D” felony to use a reencoder to place information encoded on a payment card on to a different payment card without the permission of the authorized user of the card with the intent to defraud the authorized user, the card issuer, or a merchant. A second or subsequent violation of either of these offenses is a class “C” felony.

A class “D” felony is punishable by up to 5 years in prison and a fine of up to \$7,500. A class “C” felony is punishable by up to 10 years in prison and a fine of up to \$10,000.

Bill Summary

HF 2199 expands the crime of illegally using a scanning device or encoding machine.

HF 2199 makes it a new crime to possess a scanning device with the intent to obtain information encoded on a payment card without the permission of the card user, the card issuer, or a merchant. The bill would also make it a crime to possess a scanning device with knowledge that a person other than a card user, card issuer, or merchant intends to use the device to obtain information from a payment card without the permission of the card user, card issuer, or merchant. This new crime of possessing a scanning device would be an aggravated misdemeanor. An aggravated misdemeanor is punishable by up to 2 years of incarceration and a fine of up to \$6,275.

The bill expands the use of a scanning device to read a payment card to include both directly using a scanning device and indirectly using a scanning device. The bill also removes the requirement that anyone using a scanner have the intent to defraud the card user, issuer, or merchant. Using an encoding device is also expanded to include directly or indirectly using a scanning device to encode payment card information onto a different payment card without the permission of the payment card user, card issuer, or merchant and removes the requirement that the encoding be done with the intent to defraud the user, card issuer, or merchant.

The bill expands criminal mischief in the third degree. Criminal mischief is any damage, defacing, alteration, or destruction of property if it is done intentionally and the person has no right to take that action. Criminal mischief in the third degree is expanded to include destruction of real or personal property that has the ability to process a payment card. Criminal mischief in the third degree is an aggravated misdemeanor that is punishable by up to 2 years of incarceration and a fine of up to \$6,250.

The bill more clearly defines an encoding machine to mean any electronic device that is used to encode information onto a payment device. The definition of merchant is expanded to include a satellite terminal, such as an ATM. Payment cards are expanded to also include any access device such as a code, card, or other mechanism to initiate a transaction. Scanning devices are expanded to also include any wireless device, radio scanner, or electronic device that uses field communications technologies.