

# **BACKGROUND PAPER FOR THE Bureau of Security & Investigative Services**

**(Joint Oversight Hearing, March 18, 2015, Senate Committee on  
Business, Professions and Economic Development and the Assembly  
Committee on Business and Professions)**

## **IDENTIFIED ISSUES, BACKGROUND AND RECOMMENDATIONS REGARDING THE BUREAU OF SECURITY & INVESTIGATIVE SERVICES**

### **BRIEF OVERVIEW OF THE BUREAU OF SECURITY & INVESTIGATIVE SERVICES**

#### **History and Function of the Bureau of Security & Investigative Services**

The private security industry in this country dates back to the 19<sup>th</sup> century with private citizens performing many duties that today are associated with Federal and state law enforcement. The growth in the number of individuals and breadth of activities performed (guarding railroad shipments, detective work to investigate crimes, tracking down and apprehending criminals, and providing security advice to banks) was integral in determining that regulation of the industry was necessary.

In California, regulatory oversight of the private security industry began in 1915 with the creation of the Detective Licensing Board under the State Board of Prison Directors to license and regulate private detectives. The Detective Licensing Board was subsequently renamed the Detective Licensing Bureau and today its statutes are known as the Private Investigator Act. In 1955, the Detective Licensing Bureau became the Bureau of Private Investigators and Adjustors that in 1970 was combined with the Collection Agency Licensing Bureau and renamed the Bureau of Collection and Investigative Services. As a result of legislation (Assembly Bill 936, Chapter 1263, Statutes of 1993), the Bureau was formally renamed as its current identifier, the Bureau of Security and Investigative Services (Bureau).

The Bureau issues licenses, registrations, certificates, and permits; however, for the purpose of this discussion, the terms “license” and “licensee” will be used. The Bureau currently licenses about 380,000 companies and employees serving in the areas of alarm systems, locks, private investigation, private security, repossession, and firearm and baton training facilities.

Specifically, the Bureau regulates the following Acts:

1. Alarm Company Act
2. Locksmith Act
3. Private Investigator Act

4. Private Security Services Act
5. Proprietary Security Services Act
6. Collateral Recovery Act

The Bureau's mission is to:

*Protect and serve consumers while ensuring a competent and fair marketplace.*

**Board Membership and Committees**

Effective July 1, 2014, the Bureau re-established its 13-member Advisory Committee. The Committee is comprised of seven professional and six public member volunteers who provide insight and perspective to the Bureau on policy issues relating to the Alarm Company, Locksmith, Repossessor, Private Investigator, Proprietary Security Services, and Private Security Services industries, including Bureau-certified firearm and baton training facilities and instructors.

Under current Committee requirements, members are appointed to two-year terms, serve under the Director of the Department of Consumer Affairs (DCA/Department), and receive no salary or benefits to participate in Committee meetings and other activities. Members of the current Committee will serve from July 1, 2014, to June 30, 2016; however, a member's appointment may be shortened or extended at the discretion of the Director.

The re-established Advisory Committee held its first meeting on August 28, 2014.

<b>Bureau Advisory Committee Current Members</b>			
Members serve two-year terms. The Director may elect to reappoint a member to more than one term.			
<b>Name</b>	<b>Appointment Date</b>	<b>Term Expiration Date</b>	<b>Appointing Authority</b>
<b>Simon M. Cruz, Professional Member</b> Training Facilities	7/1/14	6/30/16	DCA Director
<b>Marcelle Lynn Egley, Professional Member</b> Repossessor Industry	7/1/14	6/30/16	DCA Director
<b>Sandra Lee Hardin, Professional Member</b> Locksmith Industry	7/1/14	6/30/16	DCA Director
<b>Matthew J. Lujan, Professional Member</b> Private Patrol Operator Industry	7/1/14	6/30/16	DCA Director
<b>Aaron "Riley" Parker, Professional Member</b> Private Investigator Industry	7/1/14	6/30/16	DCA Director
<b>Thomas Martin Uretsky, Professional Member</b> Proprietary Private Security Industry	7/1/14	6/30/16	DCA Director
<b>Tim Bradley Westphal, Professional Member</b> Alarm Company Industry	7/1/14	6/30/16	DCA Director
<b>Vacant, Public Member</b>	7/1/14	6/30/16	DCA Director

<b>James B. Gordon, Jr., Public Member</b> Consumer Federation of California	7/1/14	6/30/16	DCA Director
<b>Commander Gregg P. Ferrero, Public Member</b> California State Threat Assessment Center	7/1/14	6/30/16	DCA Director
<b>Captain Mark Thomas Franke, Public Member</b> California Sheriffs' Association	7/1/14	6/30/16	DCA Director
<b>Lynn Steven Mohrfeld, Public Member</b> California Hotel & Lodging Association	7/1/14	6/30/16	DCA Director
<b>Nancy Lee Murrish, Public Member</b> Congress of California Seniors	7/1/14	6/30/16	DCA Director

### **Fiscal, Fund and Fee Analysis**

The Bureau oversees two funds, the Private Security Services Fund and the Private Investigator Fund. There is a statutory reserve limit on both. Pursuant to Business and Professions Code (BPC) § 128.5(b), if either fund exceeds 24 months in reserve, the Bureau must reduce fees associated with the applicable license types.

#### **Private Security Services (PSS) Fund**

The Bureau's PSS Fund ended Fiscal Year (FY) 2013–14 with a reserve balance of \$7,347,000, which equates to 7.0 months in reserve. The Bureau estimates the FY 2014–15 reserve balance will be approximately \$5,561,000, equaling 6.1 months in reserve. There is currently an \$8.0 million dollar outstanding General Fund loan, of which \$4.0 million is scheduled to be repaid in FY 2015-16.

The Bureau anticipates the reserve balance will be higher than projected as a result of regular yearly savings because it is not expected to expend its full appropriation authority.

In FY 2013–14, the Bureau's PSS Fund reverted \$791,400 due to spending \$11,610,935 of its \$12,402,355 budget.

<b>Fund Condition: PSS Fund</b>						
(Dollars in Thousands)	FY 2010–11	FY 2011–12	FY 2012–13	FY 2013–14	FY 2014–15	FY 2015–16
Beginning Balance	\$8,468*	\$9,724*	\$6,553*	\$7,285*	\$7,347	\$5,561
Revenues and Transfers	\$10,594	\$7,033	\$10,965	\$10,977	\$10,886	\$15,218
<b>Total Revenue</b>	<b>\$10,594</b>	<b>\$11,033</b>	<b>\$10,965</b>	<b>\$10,977</b>	<b>\$10,886</b>	<b>\$11,218</b>
Budget Authority	\$10,044	\$10,630	\$11,133	\$11,799	\$12,662	\$11,001
Expenditures	\$9,354	\$10,307	\$10,447	\$10,862	\$12,662**	\$11,001**
Loans to General Fund	0	\$4,000	0	0	0	0
Accrued Interest, Loans to General Fund	\$40	\$24	\$17	\$15	\$15	\$12
Loans Repaid From General Fund	0	0	0	0	0	\$4,000
<b>Fund Balance</b>	<b>\$9,686</b>	<b>\$6,409</b>	<b>\$7,003</b>	<b>\$7,347</b>	<b>\$5,561</b>	<b>\$9,755</b>
<b>Months in Reserve</b>	<b>11.2</b>	<b>7.3</b>	<b>7.1</b>	<b>6.2</b>	<b>3.8</b>	<b>3.9</b>
* These include beginning balance adjustments						
** Projected to spend full budget						

<b>Fee Schedule and Revenue: PSS Fund</b>							
(List Revenue Dollars in Thousands)							
Fee Type	Current Fee Amount	Statutory Limit	FY 2010-11 Revenue	FY 2011-12 Revenue	FY 2012-13 Revenue	FY 2013-14 Revenue	% of Total Revenue
Alarm Company – Application	\$35	\$35	\$6	\$6	\$7	\$5	0%
Alarm Company – Initial License	\$280	\$280	\$42	\$41	\$44	\$38	0%
Alarm Company – Qualified Manager (Application and Examination Fees)	\$105	\$105	\$13	\$14	\$16	\$14	0%
Alarm Company – Initial Branch	\$35	\$35	\$1	\$3	\$1	\$0	0%
Alarm Company – Re-examination for Qualified Manager	\$165	\$240	\$6	\$6	\$8	\$4	0%
Alarm Company – Application for Employee	\$17	\$17	\$62	\$76	\$91	\$111	1%
Alarm Company – Reinstatement of Qualified Manager	\$180	\$180	\$0	\$0	\$1	\$0	0%
Alarm Company – Biennial Renewal	\$335	\$335	\$313	\$308	\$328	\$314	3%
Alarm Company – Biennial Renewal Qualified Manager	\$120	\$120	\$113	\$120	\$121	\$122	1%
Alarm Company – Biennial Renewal – Employee	\$7	\$7	\$26	\$27	\$28	\$31	0%
Alarm Company – Biennial Renewal – Branch Location	\$35	\$35	\$2	\$2	\$2	\$4	0%
Alarm Company – Delinquent Renewal	\$167.5	\$167.5	\$15	\$18	\$17	\$18	0%
Alarm Company – Delinquent Renewal – Qualified Manager	\$60	\$60	\$8	\$8	\$10	\$8	0%
Alarm Company – Delinquent Renewal – Employee	\$25	\$25	\$4	\$6	\$5	\$6	0%
Alarm Company Duplicate License	\$10	\$10	\$0	\$0	\$0	\$1	0%
Alarm Company Duplicate License – Employee	\$10	\$10	\$0	\$0	\$1	\$1	0%
Alarm Company Fingerprint Processing Fee	\$0	\$3	\$0	\$0	\$0	\$0	0%
Locksmith Company – Application	\$30	\$30	\$8	\$8	\$7	\$8	0%
Locksmith Employee – Application	\$20	\$20	\$6	\$10	\$10	\$8	0%
Locksmith Company – Initial Branch Application	\$35	\$35	\$0	\$0	\$1	\$0	0%
Locksmith Company – Initial License	\$45	\$45	\$13	\$12	\$11	\$11	0%
Locksmith Company – Biennial Renewal – Branch	\$35	\$35	\$2	\$1	\$1	\$1	0%
Locksmith Company – Biennial Renewal – Company	\$45	\$45	\$57	\$52	\$59	\$54	1%
Locksmith Company – Delinquent Renewal	\$22.5	\$22.5	\$3	\$3	\$3	\$3	0%
Locksmith – Biennial Renewal – Employee	\$20	\$20	\$15	\$2	\$15	\$24	0%
Locksmith – Delinquent Renewal – Employee	\$10	\$10	\$0	\$1	\$0	\$1	0%
Private Patrol Operator (PPO) – Application and Examination	\$500	\$500	\$243	\$204	\$224	\$208	2%
PPO – Application Firearm Permit and Security Guard	\$80	\$80	\$1,066	\$1,138	\$1,013	\$929	10%
PPO – Initial License	\$700	\$700	\$191	\$215	\$218	\$208	2%
PPO – Re-examination – Qualified Manager	\$40	\$40	\$25	\$15	\$10	\$10	0%

<b>Fee Schedule and Revenue: PSS Fund</b>							
(List Revenue Dollars in Thousands)							
Fee Type	Current Fee Amount	Statutory Limit	FY 2010-11 Revenue	FY 2011-12 Revenue	FY 2012-13 Revenue	FY 2013-14 Revenue	% of Total Revenue
PPO – Branch Application	\$250	\$250	\$14	\$12	\$17	\$11	0%
PPO – Renewal	\$700	\$700	\$720	\$776	\$755	\$836	7%
PPO – Delinquent Renewal**	\$150	\$150					
	\$350	\$350	\$21	\$20	\$21	\$27	0%
PPO – Biennial Renewal – Branch	\$75	\$75	\$10	\$13	\$10	\$13	0%
PPO – Duplicate Firearm PPO and Security Guard	\$10	\$10	\$14	\$15	\$13	\$12	0%
PPO – Duplicate License	\$10	\$10	\$0	\$0	\$1	\$1	0%
PPO – Re-Examination Qualified Manager	\$40	\$40	\$25	\$15	\$10	\$10	0%
PPO – Change of Name	\$25	\$25	\$3	\$3	\$3	\$2	0%
PPO – Delinquent Renewal – Branch	\$37.50	\$37.50	\$0	\$0	\$0	\$1	0%
PPO – Fingerprint Processing Fee	\$0	\$3	\$0	\$0	\$0	\$0	0%
PPO – Enhanced Pocket Card	\$0	\$6	\$0	\$0	\$0	\$0	0%
PPO – Replacement Baton Permit	\$5	\$5	\$2	\$2	\$2	\$2	0%
Proprietary Private Security Employer (PPSE) – Application	\$75	\$75	\$18	\$14	\$12	\$9	0%
PPSE – Renewal	\$35	\$35	\$0	\$1	\$6	\$5	0%
PPSE – Delinquent Renewal	\$25	\$25	\$0	\$0	\$0	\$1	0%
PPSE – Registration	\$50	\$50	\$105	\$89	\$79	\$73	1%
PPSE – Biennial Renewal	\$35	\$35	\$48	\$38	\$57	\$47	0%
PPSE – Delinquent Renewal	\$25	\$25	\$3	\$2	\$2	\$2	0%
Repossession Agency – Application and Examination for Qualified Manager	\$325	\$325	\$17	\$13	\$10	\$7	0%
Repossession Agency – Re-examination for Qualified Manager	\$30	\$30	\$1	\$0	\$0	\$0	0%
Repossession Agency – Initial License	\$825	\$825	\$50	\$30	\$26	\$26	0%
Repossession Agency – Biennial Renewal	\$715	\$715	\$109	\$123	\$100	\$104	1%
Repossession Agency – Biennial Renewal for Qualified Manager	\$450	\$450	\$73	\$37	\$75	\$53	1%
Repossession Agency – Annual Renewal for Qualified Manager	\$450	\$450	\$23	\$22	\$15	\$1	0%
Repossession Agency – Reinstatement of Qualified Manager	\$675	\$675	\$0	\$0	\$5	\$0	0%
Repossession Agency – Delinquent Renewal	\$357	\$357	\$2	\$6	\$4	\$4	0%
Repossession Agency – Delinquent Renewal – Qualified Manager	\$225	\$225	\$6	\$7	\$2	\$4	0%
Repossession Agency Employee – Application	\$75	\$75	\$24	\$24	\$22	\$21	0%
Repossession Agency Employee – Re-registration Application*	\$30	\$30	\$5	\$5	\$3	\$4	0%
Repossession Agency Employee – Biennial Renewal	\$60	\$60	\$24	\$21	\$19	\$20	0%
Repossession Agency Employee – Delinquent Biennial Renewal	\$30	\$30	\$1	\$1	\$1	\$1	0%
Repossession Agency – Fingerprint	\$0	\$3	\$0	\$0	\$0	\$0	0%

<b>Fee Schedule and Revenue: PSS Fund</b>							
(List Revenue Dollars in Thousands)							
Fee Type	Current Fee Amount	Statutory Limit	FY 2010-11 Revenue	FY 2011-12 Revenue	FY 2012-13 Revenue	FY 2013-14 Revenue	% of Total Revenue
Processing Fee							
Security Guard – Application	\$50	\$50	\$2,778	\$2,883	\$2,826	\$2,766	26%
Security Guard – Renewal Fee	\$35	\$35	\$14	\$13	\$3,002	\$3,109	28%
Security Guard – Duplicate License	\$10	\$10	\$35	\$41	\$43	\$43	0%
Security Guard – Delinquent Renewal	\$25	\$25	\$121	\$124	\$132	\$149	1%
Biannual Renewal – Firearm (all qualifying licenses types)	\$60	\$60	\$616	\$702	\$694	\$739	7%
Training Facility – Application - Baton	\$500	\$500	\$14	\$17	\$15	\$16	0%
Training Facility – Baton Reinstatement	\$750	\$750	\$2	\$1	\$4	\$2	0%
Training Facility – Baton Instructor	\$250	\$250	\$11	\$11	\$9	\$8	0%
Training Facility – Baton Instructor Reinstatement	\$375	\$375	\$1	\$2	\$2	\$0	0%
Training Facility – Baton Biennial Renewal for Instructor	\$250	\$250	\$17	\$23	\$23	\$28	0%
Training Facility – Baton Biennial Renewal	\$500	\$500	\$25	\$31	\$34	\$35	0%
Training Facility – Application – Firearm	\$500	\$500	\$21	\$28	\$24	\$23	0%
Training Facility – Firearm Reinstatement	\$750	\$750	\$2	\$3	\$4	\$2	0%
Training Facility – Firearm Instructor Reinstatement	\$375	\$375	\$3	\$2	\$3	\$1	0%
Training Facility – Application for Firearm Instructor	\$250	\$250	\$22	\$25	\$26	\$21	0%
Training Facility – Biennial Renewal – Firearm	\$500	\$500	\$52	\$55	\$59	\$67	1%
Training Facility – Biennial Renewal – Firearm Instructor	\$250	\$250	\$54	\$54	\$58	\$64	1%
Baton Certificate	\$50	\$50	\$324	\$341	\$319	\$264	3%
* A repossession agent must re-register with the Bureau for each company that employs the agent.							
** Prior to 2014 the Delinquent Renewal Fee for PPOs was \$150 because the Bureau was using Business and Professions Code section 163.5 to calculate the fee. A re-evaluation of all fees and their statutory authorities prompted by the BreZE Project in 2014 resulted in the discovery that the correct delinquency fee is \$350 pursuant to Business and Professions Code section 7588(e), not \$150. This is not a fee increase, only a correction to be in line with the law.							

### Private Investigator (PI) Fund

The Bureau's PI Fund ended FY 2013-14 with a reserve balance of \$720,000, which equates to 12.2 months in reserve. The Bureau estimates the FY 2014-15 reserve balance to be approximately \$714,000, equaling 12.3 months in reserve. The decrease in fund balance and months in reserve in FY 2011-12 are a result of the \$1.5 million loan to the General Fund that year.

In FY 2013-14, the Bureau's PI Fund reverted \$41,464 due to spending \$636,333 of its \$677,797 budget.

<b>Fund Condition: PI Fund</b>						
(Dollars in Thousands)	FY 2010–11	FY 2011–12	FY 2012–13	FY 2013–14	FY 2014–15	FY 2015–16
Beginning Balance	\$1,786*	\$1,700*	\$403*	\$525*	\$720	\$714
Revenues and Transfers	\$728	-\$722	\$708	\$824	\$701	\$843
<b>Total Revenue</b>	<b>\$728</b>	<b>\$778</b>	<b>\$708</b>	<b>\$824</b>	<b>\$701</b>	<b>\$843</b>
Budget Authority	\$893	\$655	\$646	\$662	\$706	\$697
Expenditures	\$825	\$590	\$599	\$626	\$706**	\$697**
Loans to General Fund	\$0	\$1,500	\$0	\$0	\$0	\$0
Accrued Interest, Loans to General Fund	\$9	\$3	\$2	\$2	\$14	\$3
Loans Repaid From General Fund	\$0	\$0	\$0	\$0	\$0	\$0
<b>Fund Balance</b>	<b>\$1,686</b>	<b>\$387</b>	<b>\$508</b>	<b>\$720</b>	<b>\$714</b>	<b>\$859</b>
<b>Months in Reserve</b>	<b>24.4</b>	<b>7.7</b>	<b>9.7</b>	<b>12.2</b>	<b>12.3</b>	<b>14.5</b>
* These include beginning balance adjustments						
** Projected to spend full budget						

<b>Table 3g. Fee Schedule and Revenue: PI Fund</b>							(List Revenue Dollars in Thous
Fee	Current Fee Amount	Statutory Limit	FY 2010–11 Revenue	FY 2011–12 Revenue	FY 2012–13 Revenue	FY 2013–14 Revenue	% of Total Revenue
Application & Exam	\$50	\$50	\$36	\$35	\$31	\$30	4%
Firearm Permit Application	\$80	\$80	\$3	\$3	\$3	\$3	1%
Initial License	\$175	\$175	\$92	\$87	\$73	\$71	11%
Branch Application	\$30	\$30	\$1	\$1	\$1	\$1	0%
Re-Examination	\$15	\$15	\$4	\$3	\$2	\$2	0%
Change of Name	\$25	\$25	\$2	\$3	\$3	\$3	1%
Duplicate Identification	\$10	\$10	\$1	\$1	\$1	\$1	0%
License Reinstatement after Suspension	\$187.50	\$187.50	\$3	\$5	\$3	\$0	0%
License Biennial Renewal	\$125	\$125	\$546	\$600	\$554	\$678	79%
Branch Biennial Renewal	\$30	\$30	\$2	\$2	\$2	\$1	1%
Delinquent Renewal	\$62.50	\$62.50	\$21	\$24	\$24	\$25	3%
Issuance of Pocket Card	\$0	\$16	\$0	\$0	\$0	\$0	0%
Fingerprint Processing Fee	\$0	\$3	\$0	\$0	\$0	\$0	0%

### Bureau Fee Authority

The authorities for each license fee charged by the Bureau are as follows:

<b>Bureau Fee Authority</b>		
Industry	Business & Professions Code	CA Code of Regulations Title 16, Division 7
Locksmiths	6980.79	638
Repossessors	7503.1; 7506.5; 7511	642
Private Investigators	7525.1; 7528; 7529 7532; 7570	639

Proprietary Security Services	7574.11; 7574.13	642.5
Private Security Services	7582.7; 7582.11; 7582.13; 7582.17; 7583.9; 7583.12; 7583.17; 7583.20; 7583.30; 7585.16; 7588	640
Alarm Company	7593.1; 7596.5; 7598.4; 7598.14; 7598.17; 7599.70	641

### **Expenditures by Program Component**

#### **PSS Fund**

On average, during the past four fiscal years, the Bureau's enforcement program accounted for 33 percent of the Bureau's expenditures, the examination program accounted for 0.36 percent, and the licensing program accounted for 19 percent. The Bureau's administration costs accounted for 8 percent of the Bureau's expenditures.

<b>Expenditures by Program Component: PSS Fund</b>								
(Dollars in Thousands)	FY 2010–11		FY 2011–12		FY 2012–13		FY 2013–14	
	Personnel Services	OE&E						
Enforcement	\$1,491	\$1,967	\$1,654	\$2,002	\$1,482	\$2,021	\$1,741	\$1,784
Examination	\$0	\$79	\$0	\$73	\$0	\$9	0	\$53
Licensing	\$1,308	\$621	\$1,367	\$660	\$1,371	\$673	\$1,464	\$699
Administration*	\$491	\$234	\$611	\$295	\$660	\$324	\$507	\$242
DCA Pro Rata	0	\$3,800	0	\$4,320	0	\$4,587	0	\$5,121
Diversion (if applicable)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>TOTALS</b>	\$3,290	\$6,701	\$3,632	\$7,350	\$3,513	\$7,614	\$3,712	\$7,899

\*Administration includes costs of executive staff, Bureau, administrative support, and fiscal services.

#### **PI Fund**

On average, during the past four fiscal years, the Bureau's enforcement program accounted for 52 percent of the Bureau's expenditures, the examination program accounted for 3 percent, and the licensing program accounted for 20 percent. The Bureau's administration costs accounted for 2 percent of the Bureau's expenditures.

<b>Expenditures by Program Component: PI Fund</b>								
(Dollars in Thousands)	FY 2010–11		FY 2011–12		FY 2012–13		FY 2013–14	
	Personnel Services	OE&E						
Enforcement	\$165	\$277	\$137	\$201	\$154	\$148	\$166	\$158
Examination	\$0	\$4	\$0	\$7	\$0	\$46	\$0	\$21
Licensing	\$59	\$53	\$72	\$62	\$81	\$49	\$87	\$60
Administration*	\$12	\$11	\$7	\$6	\$8	\$5	\$9	\$6
DCA Pro Rata	\$0	\$251	\$0	\$111	\$0	\$120	\$0	\$129
Diversion (If Applicable)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>TOTALS</b>	\$236	\$596	\$216	\$387	\$243	\$368	\$262	\$374

\*Administration includes costs of executive staff, Bureau administrative support, and fiscal services.

## **Staffing Levels**

Overall, the Bureau has not experienced any unique challenges in filling vacant positions. The Bureau reports that it currently has 49.9 authorized positions, for whom it provides a work environment that is flexible, positive, and supportive of staff development. The longevity of employment with the Bureau by many current staff, including several who have been with the Bureau for more than 15 years, is a testament of the Bureau's retention efforts, which include providing opportunities that allow staff to grow and promoting staff when they meet the qualifications. Generally, the reasons for staff turnover have been similar to the experiences of other state agencies, such as retirement, moving out of the area, promotional opportunities, among other factors.

However, the Bureau reports that it is now experiencing staff turnover in the Licensing Unit. While some of the turnover relates to the customary reasons, the heavy workload attributable to a growing license population also may be a cause. The Bureau believes that the new BreEZe system will have a positive impact on workload by providing applicants the opportunity to apply online; however, the Bureau is concerned that BreEZe changes may not be enough to sufficiently address staff resource issues as the license population increases in response to the significant growth occurring in the private security industries. The Bureau believes a workload and staff resource analysis will be warranted after the BreEZe implementation.

The Bureau uses cross-training of staff to ensure knowledge of the Bureau's business processes and procedures is not isolated to a single employee. Additionally, the Bureau is developing process and procedure manuals to document Bureau activities in an effort to retain institutional knowledge and ensure staff are correctly and consistently carrying out their duties.

## **Licensing**

Based on the past three fiscal years, the Bureau issues an average of 1,900 company licenses, 71,000 employee registrations, and 12,000 Bureau firearm permits. On average, the Bureau renews 9,500 company licenses, 105,000 employee registrations, and 11,500 Bureau firearm permits each year.

The Bureau strives to issue licenses within 30 days of receipt of a complete application. A complete application means all licensing requirements (criminal history clearance, exam passage, if applicable, and training, if applicable) have been satisfied. During the holiday season and summer months, when the number of applications is high, and when the Bureau experienced staff vacancies or staff were out for extended periods due to illness, processing times increased to between 45 to 60 days. When this occurs, the Bureau temporarily redirects application processing to staff in other units. However, these redirections do impact these other Bureau activities. As mentioned previously, the Bureau believes a workload and staff resource analysis will be warranted after BreEZe implementation.

It should be noted that security guard applicants currently have access to the Department's Online Professional Licensing System to submit initial and renewal applications. It is not uncommon for online security guard applicants with no criminal history to have their guard card issued in two weeks or less.

<b>Licensee Population</b>					
		FY 2010– 11	FY 2011– 12	FY 2012– 13	FY 2013– 14
Alarm Company Branch (ACB)	Active	157	216	222	215
	Out-of-State*	0	5	2	1
	Out-of-Country**				0
	Delinquent	61	59	60	68
Alarm Company Employee (ACE)	Active	13,671	15,061	16,622	18,996
	Out-of-State*	1,218	1,157	1,183	1,640
	Out-of-Country**				0
	Delinquent	756	854	1,033	949
Alarm Company Operator (ACO)	Active	1,993	2,049	2,067	2,096
	Out-of-State*	21	31	25	17
	Out-of-Country**				0
	Delinquent	483	365	334	276
Alarm Company Qualified Manager (ACQ)	Active	2,023	2,041	2,087	2,105
	Out-of-State*	11	10	15	16
	Out-of-Country**				1
	Delinquent	301	286	270	258
Baton (includes all baton certificate types) (BAT)	Active	97,811	100,432	102,682	109,202
	Out-of-State*	21	12	12	8
	Out-of-Country**				0
	Delinquent	162	0	0	0
Firearm Permit (FQ)	Active	44,680	47,407	48,155	46,597
	Out-of-State*	58	67	85	47
	Out-of-Country**				1
	Delinquent	777	869	1,171	987
Security Guard (Guard)	Active	252,912	267,460	277,728	280,702
	Out-of-State*	250	241	353	166
	Out-of-Country**				8
	Delinquent	10,712	10,813	11,796	12,428
Locksmith Company Branch (LCB)	Active	86	79	50	59
	Out-of-State*	0	0	0	8
	Out-of-Country**				0
	Delinquent	148	53	7	4
Locksmith License (Company) (LCO)	Active	2,815	2,877	2,878	2,908
	Out-of-State*	4	4	1	4
	Out-of-Country**				0
	Delinquent	514	538	593	585
Locksmith Permit (Employee) (LOC)	Active	2,586	2,729	2,901	2,854
	Out-of-State*	3	88	95	93
	Out-of-Country**				0
	Delinquent	47	45	56	65
Private Patrol/Private Investigator Combination Branch (PBC)	Active	13	13	0	0
	Out-of-State*	0	0	0	0
	Out-of-Country**				0
	Delinquent	1	1	1	0

Private Investigator (PI)	Active	9,971	10,017	10,002	9,885
	Out-of-State*	20	13	17	14
	Out-of-Country**				3
	Delinquent	1,510	1,429	1,446	1,374
Private Investigator Branch (PIB)	Active	141	144	145	139
	Out-of-State*	1	0	0	0
	Out-of-Country**				1
	Delinquent	55	53	59	70
Private Patrol Operator Branch (PPB)	Active	399	407	438	408
	Out-of-State*	0	0	0	0
	Out-of-Country**				0
	Delinquent	140	142	131	111
Private Patrol/Private Investigator Combination License (PPC)	Active	4	4	3	1
	Out-of-State*	0	0	0	0
	Out-of-Country**				0
	Delinquent	1	0	1	1
Private Patrol Operator (PPO)	Active	2,474	2,617	2,726	2,765
	Out-of-State*	7	2	0	3
	Out-of-Country**				1
	Delinquent	606	597	580	609
Proprietary Security Employer (PPSE)	Active	229	404	530	594
	Out-of-State*	4	2	3	1
	Out-of-Country**				0
	Delinquent	0	0	39	83
Proprietary Private Security Officer (PPSO)	Active	6,027	6,281	6,200	6,201
	Out-of-State*	9	11	5	5
	Out-of-Country**				0
	Delinquent	296	458	414	334
Repossessor Agency (RA)	Active	360	341	318	309
	Out-of-State*	0	0	0	1
	Out-of-Country**				0
	Delinquent	40	56	76	88
Repossessor Agency Registrant (RAE)	Active	1,240	1,035	942	891
	Out-of-State*	0	2	3	1
	Out-of-Country**				0
	Delinquent	81	120	58	65
Repossessor Agency Qualified Manager (RAQ)	Active	370	369	335	330
	Out-of-State*	1	0	1	0
	Out-of-Country**				0
	Delinquent	60	75	119	119
Training Facility – Baton (TFB)	Active	157	171	195	196
	Out-of-State*	0	0	0	0
	Out-of-Country**				0
	Delinquent	38	30	2	9

Training Facility – Firearm (TFF)	Active	270	301	328	353
	Out-of-State*	0	0	0	0
	Out-of-Country**				0
	Delinquent	53	39	11	12
Training Instructor – Baton (TIB)	Active	232	240	251	253
	Out-of-State*	1	0	1	0
	Out-of-Country**				0
	Delinquent	23	26	4	3
Training Instructor – Firearm (TIF)	Active	570	611	634	642
	Out-of-State*	1	0	1	0
	Out-of-Country**				0
	Delinquent	44	39	9	9
* Out-of-state numbers represent licenses issued to out-of-state entities during the specified fiscal year.					
** Accurate out-of-country statistics are only available for the current year.					

## **Information Verification**

### **Fingerprinting**

All applicant types, with the exception of proprietary private security employers, must submit their fingerprints to the Federal Bureau of Investigation (FBI) and Department of Justice (DOJ) for a criminal background check. In addition, Bureau staff checks the Bureau’s application, licensing, and enforcement databases for any possible prior disciplinary actions, citations issued, or investigations related to the applicant.

### **Primary Source Documentation**

The principle primary source documents the Bureau requires include a completed application, DOJ and FBI criminal history record information directly from the DOJ, and firearm prohibit information from the DOJ Firearms Bureau. If a company applicant is a corporation, the Bureau requires a copy of the Articles of Incorporation. If a company applicant is a limited liability company (LLC), the Bureau requires a copy of the Articles of Organization. The Alarm Company Act requires alarm company LLCs have proof of specified liability insurance on file with the Bureau as a condition for issuance and continued valid use of their license. Effective January 1, 2015, the Private Investigator Act requires private investigator LLCs to have proof of specified liability insurance on file with the Bureau as a condition for issuance and continued valid use of the license, and the Private Security Services Act requires all private patrol operators to have proof of specified liability insurance on file with the Bureau as a condition for issuance and continued maintenance of their license.

## **Continuing Education**

### **Proprietary Security Services**

California Code of Regulations (CCR), Title 16, Division 7, § 645 requires that PPSEs provide two hours of security officer skills training annually to each PPSO employed. The training may be administered by the PPSE or by a Bureau-approved school or organization and the entity that provides the training is required to issue a certificate of completion to the PPSO. Although the Act does not provide that proof of CE is required to be submitted to the Bureau as a condition of a PPSO’s

registration renewal, PPSEs are required to maintain records verifying completion of the CE training and make those records available for inspection by the Bureau upon request.

### **Private Security Services**

The Private Security Services Act requires that PPOs provide eight hours of training on security officer skills annually to each security guard employed. The training may be administered by the PPO or by a Bureau-approved school or organization and the entity providing the training is required to issue a certificate of completion to the security guards. Although the Act does not provide that proof of CE is required to be submitted to the Bureau, as a condition of a security guard's registration renewal, PPOs are required to maintain records verifying completion of training and make those records available for inspection by the Bureau upon request.

### **Firearm Qualification Card Renewal**

As a condition of Bureau firearm permit renewal, those licensees who are authorized by law to obtain a Bureau firearm permit must complete and pass a range qualification course on four separate occasions, no sooner than four months apart. Additionally, each firearm permit renewal applicant must complete and pass a review course on the laws and standards regarding the use of firearms and avoidance of deadly force.

### **Enforcement**

The Bureau's Enforcement activities include cite and fine, civil penalty in lieu of revocations, revocation, and suspension. The Private Security Service Act gives the Bureau the authority to automatically suspend guard registrations (BPC § 7583.21). The Locksmith Act authorizes the Bureau to automatically suspend locksmith licenses and locksmith registrations (BPC § 6980.73). The Alarm Company Act authorizes the Bureau to automatically suspend alarm company operator licenses, alarm company qualified manager certificates, and alarm agent registrations (BPC § 7591.8).

The Bureau's performance targets and expectations coincide with those standards created under the Department's Consumer Protection Enforcement Initiative (CPEI), as follows:

1. Intake: Average time to process complaints from receipt to the date the complaint was assigned to an investigator
2. Intake and Investigation: Average cycle time from complaint receipt to closure of the investigation process. This measurement does not include cases sent to the Attorney General or other forms of formal discipline.
3. Formal Discipline: Average number of days to complete the entire enforcement process for cases resulting in formal discipline (includes intake and investigation by the Bureau and Prosecution by the Attorney General).
4. Probation Intake: Average number of days from Monitor assignment, to the date the Monitor makes first contact with the probationer.
5. Probation Violation Response: Average number of days from the date a violation of probation is reported, to the date the assigned monitor initiates appropriate action.

## **Enforcement Data Trends**

The Bureau's licensee population has grown by 10 percent over the last four years and with it, the number of investigations conducted by the Bureau. However, the data for total investigations and desk investigations in Table 5a, which the Bureau derived from Consumer Affairs System (CAS) reports, do not reflect this because Bureau procedural changes alter the data. For example, in 2012, the Bureau began implementing the use of the automatic suspension authority specified in the Alarm Company Act, Locksmith Act, and Private Security Services Act for subsequent criminal convictions. Previously, subsequent criminal convictions were handled by opening a desk investigation and requesting the preparation of an Accusation by the Office of the Attorney General (AG). Consequently, the work for subsequent convictions is no longer reflected under desk investigations in Table 5a, but as automatic suspensions in Table 5a.

Even though the Bureau's implementation of its automatic suspension authority significantly reduced the time and cost of completing the disciplinary process by reducing the number of requests for accusation the Bureau forwarded to the AG, the growing license population has resulted in the Bureau exceeding its Attorney General Expenditure authority almost threefold over the past three years. In response, the Bureau submitted a Budget Change Proposal in 2013 to increase its AG appropriation by \$600,000 beginning in FY 2014–15 and ongoing. The BCP was approved.

A similar change in the Bureau's handling of subsequent arrest notices when the judicial disposition of the arrest is not complete (open arrest record) also resulted in reduced desk investigations and, accordingly, total investigations in Table 5a. In early 2014, the Bureau stopped opening desk investigations for the purpose of monitoring formal requests to the courts for arrest disposition documents with the expectation of arrests relating to a serious crime. The Bureau determined that opening a desk investigation simply to track the request did not create any benefit over waiting until the subsequent criminal conviction information was received from the DOJ, and with the implementation of the automatic suspension process as previously noted, the Bureau's ability to take prompt appropriate action was not impacted.

In cases where the Bureau receives subsequent arrest information for a licensee involving a serious crime, the Bureau works with the AG and the prosecuting attorney to request the judge in the case to place a hold on the individual's license pursuant to Penal Code (PC) 23, so that he or she is legally prohibited from practicing. If the order is not granted or the licensee has already been arraigned or had his/her bail hearing, the Bureau will prepare an accusation to pursue revocation of the license or an interim suspension order through the administrative process.

The Bureau also implemented new procedures to appropriately refer complaints relating to civil and contractual issues, where the complainant is requesting repayment of a portion of all fees paid to a licensee, to the Department's Complaint Resolution Program (CRP) instead of opening a non-sworn desk investigation. The more appropriate alignment of complaints has allowed the Bureau to maintain a somewhat level number of opened non-sworn investigations despite an increased number of complaints. Additionally, anonymous complaints lacking sufficient information to identify the respondent or a potential violation of law are no longer opened as investigations simply for the purpose of documenting the review.

These procedural changes have resulted in a more appropriate reflection of the Bureau’s actual investigation caseload and case closure timeframes. Specifically, the longer case closure times, as shown in Table 5a, reflect the true complexity of the formal non-sworn investigations being performed by the Bureau.

To maximize the efficiency of its disciplinary activities, the Bureau ensures that those licensees eligible to have their appeals heard by a Bureau Disciplinary Review Committee (DRC) are properly notified of this option in a timely manner. Each year, approximately 900 Bureau licensees request an appeal of their denials, suspensions, or imposition of fines through DRC.

<b>Table 5a. Enforcement Statistics</b>			
	FY 2011–12	FY 2012–13	FY 2013–14
<b>COMPLAINT</b>			
Intake			
Received	2,200	2,551*	2,378*
Closed without Assignment	44	97	203
Referred to Investigation	2,111	2,167*	1,952*
Average Time to Assign	6	4	3
Pending (Close of FY)	45	200	160
Source of Complaint			
Public (Includes Anonymous Complaints)	1,262	1,372	1,342
Licensee/Professional Groups/Industry	559	285	137
Governmental Agencies	589	1,977**	2,081**
Other	0	2	
Conviction/Arrest			
Conviction Received	20,360	19,265	20,413
Conviction Closed	18,237	16,652	18,826
Average Time to Close	74	73	40
Conviction Pending (Close of FY)	2,123	92	81
<b>LICENSE DENIAL</b>			
License Applications Denied	3,983	1,776	1,886
Statement of Issues Filed	153	18	24
Statement of Issues Withdrawn	46	24	7
Statement of Issues Dismissed	8	0	0
Statement of Issues Declined	0	0	0
Average Days Statement of Issues	708	771	724
<b>ACCUSATION</b>			
Accusations Filed	593**	30**	27**
Accusations Withdrawn	20	29	1
Accusations Dismissed	41	7	1
Accusations Declined	11	7	7
Average Days Accusations	386	392	442
Pending (Close of FY)	302	150	122
<b>DISCIPLINE</b>			

Disciplinary Actions			
Proposed/Default Decisions	1,021	637	255
Stipulations	15	23	7
Average Days to Complete	406	450	337
AG Cases Initiated	272	121	92
AG Cases Pending (Close of FY)	302	150	122

Disciplinary Outcomes			
Revocation	956	501	197
Voluntary Surrender	1	6	2
Suspension/Auto Suspension	9	885	906
Probation with Suspension	1	1	2
Probation	36	37	16
Probationary License Issued			
Other	35	16	4

**PROBATION**

New Probationers	69	89	41
Probations Successfully Completed	22	19	42
Probationers (Close of FY)	96	161	145
Petitions to Revoke Probation	19	24	12
Probations Revoked	13	5	15
Probations Modified	0	0	0
Probations Extended	N/A	N/A	N/A
Probationers Subject to Drug Testing	3	2	1
Drug Tests Ordered	45	55	20
Positive Drug Tests	0	0	0
Petition for Reinstatement Granted	N/A	N/A	N/A

**DIVERSION**

New Participants	N/A	N/A	N/A
Successful Completions	N/A	N/A	
Participants (Close of FY)	N/A	N/A	N/A
Terminations	N/A	N/A	N/A
Terminations for Public Threat	N/A	N/A	N/A
Drug Tests Ordered	N/A	N/A	N/A
Positive Drug Tests	N/A	N/A	N/A

**INVESTIGATION**

All Investigations			
First Assigned	20,348	15,544	8,509***
Closed	18,150	16,052	9,453
Average Days to Close	103	111	108
Pending (close of FY)	2,198	1,748	1,300
Desk Investigations			
Closed	17,388	14,525	7,991*
Average Days to Close	105	116	106
Pending (Close of FY)	1,727	1,309	878

Non-sworn Investigation			
Closed	1,508	1,743	1,460
Average Days to Close	77	91	106
Pending (Close of FY)	384	430	414
Sworn Investigation			
Closed	20	3	2
Average Days to Close	290	259	49
Pending (Close of FY)	9	11	8
<b>COMPLIANCE ACTION</b>			
Interim Suspension Order & Temporary Restraining Order Issued	1	0	0
PC 23 Orders Requested	8	1	8
Other Suspension Orders	0	0	0
Public Letter of Reprimand	0	0	0
Cease & Desist/Warning	0	0	0
Referred for Diversion	0	0	0
Compel Examination	0	0	0
<b>CITATION AND FINE</b>			
Citations Issued	127	129	96
Average Days to Complete	117	81	122
Amount of Fines Assessed	\$187,827	\$92,491	\$131,684
Reduced, Withdrawn, Dismissed	\$26,175	\$6,975	\$1,625
Amount Collected	\$119,230	\$91,265	\$124,958
<b>CRIMINAL ACTION</b>			
Referred for Criminal Prosecution	0	39	16
<p>* Lower than CAS Report data: DRU license denial statistics inadvertently included in CAS report as complaint statistics due to an internal change in denial processing procedures. The same procedural change resulted in a corresponding influx of complaint sources being recorded as “Governmental Agencies,” pursuant to denial cases being coded based on the receipt of criminal records from the DOJ.</p> <p>** Significant reduction in Accusations filed resulting from the Bureau’s initiation of automatic suspension procedures applicable to security guard registrants in cases in which a security guard has been convicted of a crime that is substantially related to the duties of a guard.</p> <p>*** Reduction in FY 13–14 “desk investigations” and “all investigations” totals due to change in Bureau procedures as follows:  Prior to FY 13–14, the Bureau ordered court records upon DOJ notification that a licensee had been arrested (prosecution pending). A “desk investigation” would be initiated as a means to record and track the open arrest records request. Except in cases where the Bureau determines that the continued licensure of a licensee with an open arrest creates an imminent threat to the public, the Bureau does not initiate discipline for criminal acts prior to conviction. As the Bureau receives subsequent disposition/conviction records from the DOJ, and in coordination with the Bureau’s initiation of expedited automatic suspension procedures, the Bureau has ceased ordering records for open arrests as of April 2014.</p>			

## **Disciplinary Action**

The Bureau's accusation and suspension enforcement statistics, as detailed in Table 5a of this report, reflect the impact of the Bureau's implementation of the automatic suspension process. Prior to the 2012–13 and 2013–14 fiscal years, the Bureau's practice upon receipt of criminal conviction records was to refer these cases to the AG for preparation of an accusation for revocation of the license or registration. Historically, the accusation process through the AG is lengthy and costly. Further, the accusation process often allows licensees convicted of crimes to continue operating under their license throughout the administrative appeals process. In contrast, the automatic suspension process provides the Bureau with an immediate means to suspend a license/registration in a much shorter timeframe, and at greatly reduced expense. It also places the responsibility on the licensee/registrant to demonstrate rehabilitation as a precursor to having the suspension overturned, or to be eligible for future licensure by the Bureau. As security guards make up the Bureau's largest license population, accounting for over 80 percent of all licensees/registrants, the implementation of the auto suspension process has resulted in a substantial reduction in referrals to the AG for the preparation of accusations, resulting in significantly fewer numbers of revocations, default decisions, and stipulations, and a corresponding significant increase in the Bureau's suspension numbers.

The reduced number of statement of issues relates to the Bureau's efforts to better inform license applicants who are authorized to appeal their application denial to a DRC of this option and the applicants pursuing a DRC appeal.

Lastly, the Bureau has made a concerted effort in training non-sworn field staff in the rules of evidence, investigation, report documents, and report writing. These efforts have resulted in better investigation reports that contain sufficient, competent, relevant, and useful evidence of the violation(s) found. This, in turn, has resulted in a lower volume and average dollar value of citation and fine appeal modifications.

## **Case Prioritization**

The Bureau prioritizes cases using public and/or consumer protection as the first and foremost criteria, and those cases with the highest potential for public harm are most expeditiously addressed. The Bureau allocates its resources so that cases involving fraud and dishonesty, unlicensed activities, and illegal or unethical behavior are also addressed with timeliness and appropriately. Toward this effort, the Bureau handles complaints received in order to determine which should be handled by the Department's CRP, which should be handled by the Department's Division of Investigation (DOI), and which should be handled by Bureau enforcement staff.

The Bureau does use a guideline similar to the one used by Health Care Agencies—the *Complaint Prioritization Guidelines for DCA Agencies Regulating Business Services, Design, and Construction (Business Services Guidelines)*. Similar to the Health Care guidelines, the *Business Services Guidelines* have three priority levels—Urgent, High, and Routine—to guide the Bureau in identifying the urgency of the investigation. Examples of cases involving a high priority include allegations involving sexual or physical abuse, weapon violations, and felony convictions.

## **Mandatory Reporting Requirements**

Private Patrol Operators are mandated by BPC § 7583.2 to file an incident report with the Bureau when a firearm is discharged by a licensee, its qualified manager (QM), or one of its registrants, or when an act of violence occurs involving a licensee/QM/registrant that requires law enforcement to respond. Also, BPC § 7507.6 requires Repossessor Agencies to file an incident report with the Bureau when an act of violence occurs involving a licensee, its QM, or one of its registrants that requires law enforcement to respond.

It is unknown how many incidents that meet the criteria for reporting are not reported to the Bureau since this is a process that depends upon self-reporting. However, if an incident rises to the level of a licensee/QM/registrant being arrested, the Bureau should receive a subsequent arrest report from the DOJ.

## **Statute of Limitations**

The Bureau has no mandated statute of limitations on enforcement actions.

## **Cite and Fine**

The Bureau continuously uses its cite and fine authority to enforce the provisions of the six administrative acts under its oversight. The fines are issued up to the maximum amount authorized by the specific statute. The Bureau promulgated regulations (CCR 16, Title 7, §§ 601.6, 601.7 and 601.8), which went into effect December 22, 2011, to authorize the Bureau to issue unlicensed activity administrative citations up to \$5,000.

<b>Average Fine Pre Appeal</b>
\$1,330
<b>Average Fine Post Appeal</b>
\$1,190

The Bureau began using the Franchise Tax Board (FTB) to collect outstanding fines in 2012. The Bureau contacts the debtor via three collection letters sent 30 days apart. If after the issuance of these letters the debtor has not paid the outstanding fine or contacted the Bureau to establish a payment plan, the Bureau initiates the FTB intercept process. Any money intercepted from an FTB return is forwarded to the Department's Accounting Office and the Bureau so their respective records can be updated. If a payment is received by the Bureau directly from a debtor on an existing FTB account, the Bureau notifies the Department's Accounting Office so that the FTB account can be updated.

The Bureau began using the FTB to collect outstanding cost recovery orders in 2011. The Bureau contacts the debtor via three collection letters sent 30 days apart. If after the issuance of these letters, the debtor has not paid the outstanding fine or contacted the Bureau to establish a payment plan, the Bureau initiates the FTB intercept process. Any money intercepted from an FTB return is forwarded to Department's Accounting Office and the Bureau so their respective records can be updated. If a payment is received by the Bureau directly from a debtor on an existing FTB account, the Bureau notifies the Department's Accounting Office, so that the FTB account can be updated.

## **Cost Recovery**

The Bureau uses the authority of BPC § 125.3(a) to recover the reasonable costs of investigation and enforcement of a case. The Bureau submits cost certifications with each case that is referred to the AG detailing the expenditures the Bureau incurred in investigating and bringing the case to the AG. As part of the administrative hearing process, the Deputy Attorney General (DAG) will request cost recovery for the Bureau's investigative costs, enforcement costs (costs for DAG to prepare and defend the case), or both. The licensee may choose to pay the amount in full or enter into a payment plan with the Bureau. If the licensee does not respond, the Bureau initiates the FTB referral/intercept process.

The Bureau historically was collecting about 30 percent of the cost recoveries ordered. However, since the Bureau began utilizing the FTB intercept program, the Bureau's collection rate has increased more than twofold.

The Bureau's implementation of automatic suspension has reduced the use of accusations pursued through the AG. Since the Bureau can only obtain cost recovery through a court order, employing auto suspensions has reduced cost recovery. It should be noted, however, that the Bureau is also saving significant Attorney General costs by not pursuing these cases through the administrative hearing process.

The Bureau does not seek cost recovery for Statement of Issues cases where the applicant is not granted a Bureau license. The Bureau has no statutory authority to order cost recovery to persons who are not licensees.

## **Restitution**

The Bureau does not have a formal restitution policy. However, enforcement staff may attempt to negotiate a remedy involving the licensee recompensing the consumer in the course of conducting an investigation involving allegations of services not being provided or the costs for services rendered exceeding the perceived agreement. It should be noted that any negotiated arrangement for recompensation must be agreed upon by both the licensee and consumer.

Additionally, an Administrative Law Judge (ALJ) may order a licensee to pay restitution to the harmed consumer as a condition of probation or part of the order. The Bureau is not involved in the collection of restitution. However, if restitution is part of a probation requirement, the Bureau monitors the activity and reports facts accordingly to the ALJ for determination on whether all the terms of probation have been satisfied.

## **Disciplinary Review Committees**

The Alarm Company Act establishes one DRC and the Private Security Services Act establishes two DRCs, one in Northern California and one in Southern California, to provide their respective applicants and licensees an alternate path to consider appeals of the Bureau's denials, suspensions, and assessments of administrative fines.

The Alarm Company DRC is authorized to hear appeals relating to the Bureau’s application denials, license suspension, and the imposition of fines from alarm company operator applicants and licensees, alarm company operator qualified manager applicants and certificate holders, and alarm agent applicants and registrants. These individuals may also appeal the Bureau’s denial or suspension of a Bureau-issued firearm permit to the DRC if the denial or suspension is not attributable to a DOJ firearm prohibit.

The Private Security DRCs are authorized to hear appeals relating to the Bureau’s application denials, license suspensions, and the imposition of fines from security guard applicants and registrants, private patrol operator applicants and licensees, proprietary private security officer applicants and registrants, firearm training facility, instructor applicants and certificate holders, and baton training facility, instructor applicants, and certificate holders. Those persons who are authorized to obtain a Bureau-issued firearm permit may also appeal the Bureau’s denial or suspension of the firearm permit to a DRC if the denial or suspension is not attributable to a DOJ firearm prohibit.

<b>DRC Caseload per Meeting</b>	<b>FY 2011–12</b>	<b>FY 2012–13</b>	<b>FY 2013–14</b>
Private Security	58	22	25
Alarm Company Operator	17	5	4

<b>Disciplinary Review Committee Actions and Outcomes</b>				
<b>Private Security DRC</b>	<b>FY 2010–11</b>	<b>FY 2011–12</b>	<b>FY 2012–13</b>	<b>FY 2013–14</b>
Overturned	385	368	102	140
Upheld	633	607	257	171
Did Not Appear	341	365	79	61
<b>Alarm Company DRC</b>	<b>FY 2010–11</b>	<b>FY 2011–12</b>	<b>FY 2012–13</b>	<b>FY 2013–14</b>
Overturned	7	9	3	3
Upheld	13	6	6	8
Did Not Appear	11	19	4	6

## **PRIOR SUNSET REVIEWS: CHANGES AND IMPROVEMENTS**

This is the first Sunset Review for the Bureau of Security and Investigative Services.

## **CURRENT SUNSET REVIEW ISSUES FOR THE BUREAU OF SECURITY AND INVESTIGATIVE SERVICES**

The following are new issues identified by the Bureau and Committees which are areas of concern for the Committees to consider along with background information concerning the particular issue. There are also recommendations that staff have made regarding particular issues or problem areas which need to be addressed. The Bureau and other interested parties, including the professions, have been provided with this Background Paper and can respond to the issues presented and the recommendations of staff.

## ADMINISTRATIVE ISSUES

### **ISSUE #1: (BREEZE IMPLEMENTATION) Is the Bureau adequately prepared for its targeted implementation date of BreEZe?**

**Background:** In 2009, after three failed attempts to update outdated “legacy” IT systems, DCA began the process of developing an IT system that would integrate the licensing and enforcement functions of all DCA boards. According to DCA, BreEZe is intended to provide applicant tracking, licensing, renewals, enforcement, monitoring, cashiering, and data management capabilities. In addition, BreEZe is web-enabled and designed to allow applicants and licensees to complete and submit applications, renewals, and the necessary fees through the internet when fully operational. The public also will be able to file complaints, access complaint status, and check licensee information, when the program is fully operational.

There were numerous problems with BreEZe when Release 1 was launched and service to hundreds of applicants and licensees was delayed. In fact, more than 1,000 system defects were identified at the time BreEZe was launched. Fixing the problems has required many hours of staff workarounds, system reprogramming, and contract renegotiations. While some issues with Release 1 have been resolved, many remain outstanding. This had led to further significant delays with the implementation of Release 2 of the BreEZe system.

The Bureau was targeted to implement BreEZe in April 2015 as part of Release 2, but has since been delayed due to problems encountered with the development and administration of the system. The Bureau is now targeted to implement BreEZe in March 2016 as part of the Phase 2 implementation. The Bureau has assigned its Deputy Chief and four analysts, one representing each of the Bureau’s units—Licensing, Enforcement, Disciplinary Review, and Policy—full-time to project development efforts since January 2014. The individuals on the team are considered the most knowledgeable in their respective areas and experts when it comes to the Bureau’s business processes, laws and regulations, and the current Legacy databases.

**Staff Recommendation:** *The Bureau should advise the Committees as to the status of BreEZe and efforts staff has taken to ensure the Bureau is ready to transition to the new program. The Bureau should provide the Committees with information about some of the specific issues the Bureau anticipates in using the new BreEZe system as well as how the system will track important information like incidents involving armed guards and its other licensees. The Bureau should report how BreEZe will impact unlicensed activity and the Bureau’s ability to address this activity.*

### **ISSUE #2: (ONLINE ACCESS TO BUREAU INFORMATION) Should the Bureau move all information for licensees regarding its laws and regulations to an online, web based format that can be easily accessed by consumers and licensees alike?**

**Background:** The Bureau is required to furnish all of its laws and regulations to its licensees; for the Private Investigator and Private Security Services Acts, they must be furnished every two years. Currently, the Bureau provides hard copies of this information directly to its licensees individually

through paper materials. However, the Bureau also provides a variety of information to applicants, including links to the Bureau's laws and regulations, forms and publications, online license verification, disciplinary actions against licensees, and other Bureau activities through its website. The website offers a feature for individuals to subscribe to an Interested Parties List to receive information from the Bureau through an e-mail notification. It would be helpful for the Committees to understand how BreEZe implementation can also benefit the Bureau's website and online presence.

***Staff Recommendation:*** *The Bureau should advise the Committees as to the overall benefits of switching to a paperless information system, including how this might affect Licensing staff workload and provide efficiencies as well as barriers to licensees who do not have access to the internet if in fact a paperless information system is implemented. The Bureau should outline any special provisions and accommodations for licensees who do not have access to the internet or who do not have an email address.*

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**ISSUE #3: (STAFFING) Is an assessment of the Bureau's staffing resources needed to ensure the continued growth of the license population in the coming years?**

**Background:** The Bureau currently has 49.9 authorized positions. While the Bureau has made many retention efforts for their staff, they are currently experiencing greater staff turnover in the Licensing Unit. While some of the turnover relates to the customary reasons, such as retirement, moving out of the area, promotional opportunities, etc., the heavy workload attributable to a growing license population also may be a major contributing factor.

The implementation of BreEZe is projected to have a positive impact on workload by providing applicants with the opportunity to apply online; however, the Bureau is concerned that BreEZe changes may not be enough to sufficiently address staff resource issues as the license population increases in response to the significant growth occurring in the private security industries.

***Staff Recommendation:*** *The Bureau should conduct a workload and staff resource analysis after the implementation of BreEZe in order to measure the new system's effectiveness in handling the license population and effect in lowering the workload of the Licensing Unit staff. What are the Bureau's expectations in workload reduction with the implementation of BreEZe? If those expectations are not met, what is the Bureau's strategic plan to addresses workload issues relating to the Licensing Unit? What other improvements in efficiency can the Bureau make in processing license applications?*

*The Bureau has also mentioned its method of cross-training staff and is in the development of a process and procedures manual to retain institutional knowledge. The Bureau should map out a specific timeline for completion of an administrative manual and an appropriate training procedure for its staff in the utilization of the manual before the implementation of BreEZe. To what extent does the Bureau aim to utilize an administration manual as a training tool?*

## **ISSUE #4: (STRATEGIC PLAN) What is the status of the Bureau's strategic plan?**

**Background:** The Bureau has not updated their goals and objectives. Their previous strategic goals for 2011-2013 (which can be found on the Bureau's website) are:

**Goal One:** Enhance and improve the Bureau's licensing processes by reducing timelines, cutting costs, creating efficiencies, and focusing on customer satisfaction.

1.1 The Bureau's goal will be to maintain a 30 day average or less timeframe for issuing new Security Guard licenses. (The average number of days for BSIS to issue a Guard Card in February 2013 was 19 days)

1.2 By March 31, 2012, launch new protocols to expand the Bureau's verification of applicant education, training, and experience. (Completed)

1.3 By June 30, 2012, BSIS will develop and implement a simplification of the process to apply for a business license. (Completed)

1.4 By June 30, 2012, BSIS will develop and implement a program to encourage and facilitate the licensure of Veterans for any of the licenses the Bureau regulates. (Completed)

1.5 By January 1, 2013, obtain a reduction in customer service call volume and hold times by a minimum of 20%. (Completed)

**Goal Two:** Enhance and expand Bureau Enforcement efforts, processes, and outcomes.

2.1 The Bureau's goal will be to maintain a 100 day average or better timeframe for closing enforcement investigations. (In January 2013, the average number of days for BSIS to work an investigation was 75.9 days)

2.2 By March 31, 2012, the Bureau will have an active citation program against unlicensed activity. (Completed)

2.3 By March 31, 2012, implement a program for monitoring the internet for unlicensed and unlawful activity. (Completed)

2.4 ~~By June 30, 2012~~ December 31, 2013, complete a study of regulatory and legislative changes needed to current law that would result in clarity in business practices for licensees, higher precision in Bureau enforcement activity, and greater consumer protection. (Placed on hold until May 2013)

2.5 ~~By June 30, 2012~~ December 31, 2013, develop and implement a plan to standardize and create efficiency to the Bureau's enforcement processes and protocols. (Placed on hold until May 2013)

2.6 By January 1, 2013, complete 60 training and education sessions with California local governmental agencies. The goal of these sessions will be to expand the reach of the Bureau's enforcement activities by providing these agencies with the tools and knowledge necessary for them to recognize violations of the Acts the Bureau regulates. (Completed)

**Goal Three:** Improve the Disciplinary Review and Appeal processes and cycle times.

3.1 By February 28, 2012, complete an internal review of current policies and processes to ensure that BSIS is able to manage the terms of probationary licenses. (Completed)

3.2 By June 30, 2012, complete a study of the Disciplinary Review Committee process to determine potential opportunities for process and policy improvements. (Completed)

3.3 By June 30, 2012, complete an analysis of the impacts of the process improvements implemented in July 2011 to the Denial Notification and Appeal procedures. The analysis will include an accounting of cycle time savings, efficiency gains, and recommendations for additional process improvements. (Completed)

3.4 By ~~September 30, 2012~~ December 31, 2013, develop a program to monitor the workload progress and the associated costs of cases submitted to the ALJ for adjudication. (Completed a smaller review in 2012 but will be conducting a larger review in 2013)

**Goal Four:** Foster the Bureau's consumer and industry education and outreach efforts.

4.1 By ~~June 30, 2012~~ December 31, 2013, develop and implement a plan to increase the communication and feed-back opportunities between the Bureau and the members of the industries it regulates. (Placed on hold until June 2013)

4.2 By ~~June 30, 2012~~ December 31, 2013, develop and implement policies and processes focused on orientating all new licensees and registrants on the laws and regulations for their license or registration. (Placed on hold until June 2013)

4.3 By ~~September 30, 2012~~ December 31, 2013, complete an outreach program for at least 3 different industry/professions to provide education on the Proprietary Private Security Act.

4.4 By ~~January 31, 2013~~ December 31, 2013, conduct consumer education campaigns on the following topics:

- The dangers of hiring unlicensed individuals.
- Responding to door-to-door alarm sales.
- What to know when hiring a locksmith.

**Goal Five:** The Bureau of Security and Investigative Services will be a workplace that values people that work there, their career paths, and the potential for innovation that exists within each person.

5.1 By ~~March 31, 2012~~ August 30, 2013, implement a training and education program for all Bureau employees with the goal of providing knowledge of BSIS and the industries it regulates, personal and professional development, and career path information.

5.2 By ~~March 31, 2012~~ August 30, 2013, launch an internal BSIS mentorship and cross training program.

5.3 By ~~March 31, 2012~~ August 30, 2013, launch an internal BSIS program that would develop policies and procedures that encourages, supports and acknowledges employee innovation and ideas.

5.4 By ~~June 30, 2012~~ August 30, 2013, develop and implement a workplace program on conservation and reducing operational costs.

***Staff Recommendation:*** *The Bureau should report to the Committees on the progress of updating its Strategic Plan, including the timeline for completion as well as strategies the Bureau will use to address new and existing issues raised through the Sunset Review process.*

**ISSUE #5: (REPORTING PRACTICES & INVESTIGATION OF INCIDENTS) Should the Bureau reform its current reporting and investigative practices of firearms incidents involving armed guards?**

**Background:** The Bureau is not required by law to collect reports of shooting incidents involving armed guards. However, entities overseeing the actions of licensed armed guards are required to submit these reports. There is currently no legal basis for the Bureau to collect reports of firearms incidents involving armed guards.

Private Patrol Operators are mandated by BPC § 7583.2 to file an incident report with the Bureau when a firearm is discharged by a licensee, its qualified manager (QM), or one of its registrants, or when an act of violence occurs involving a licensee/QM/registrant that requires law enforcement to respond.

It is unknown how many incidents that meet the criteria for reporting are not reported to the Bureau since this is a process that depends upon self-reporting. However, if an incident rises to the level of a licensee/QM/registrant being arrested, the Bureau should receive a subsequent arrest report from the DOJ. Specifically, the number of guard shooting incidents is currently unknown because of this self-reporting system and because the current Consumer Affairs System (CAS) does not categorize reports based on the type of incident. There is currently no consolidated database at the Bureau that can supply quantifiable information as to the incident type in which a report was filed.

The Private Security Act requires security guards and their licensed employer (Private Patrol Operator) to report an incident within 7 days of the incident occurring. The process of reporting an incident of an altercation with an armed guard, whether involving a firearm or not, begins with a Report of Incident Form (RIF). After an RIF is submitted an investigation can be initiated. The Bureau will also initiate an investigation if it receives information regarding an incident from law enforcement, a complaint, or a media article. After an investigation has been completed the Bureau can file both an administrative action and forward the case to the local District Attorney for potential criminal actions. If no criminal charges are pressed, then the licensee involved in the incident is subject to have their license revoked or suspended. If criminal charges are pressed, the Bureau will place a hold on the license until that license expires. The Bureau continues to pursue administrative action against the guard even if the convicted person is incarcerated to revoke the license. Administrative action by the Bureau is made public on the Bureau's website upon the filing of an accusation by the Attorney General's Office.

The Bureau prioritizes cases using public and/or consumer protection as the first and foremost criteria, and those cases with the highest potential for public harm are most expeditiously addressed. The Bureau allocates its resources so that cases involving fraud and dishonesty, unlicensed activities, and illegal or unethical behavior are also addressed with timeliness and appropriately. Toward this effort, the Bureau handles complaints received in order to determine which should be handled by the Department's CRP, which should be handled by the Department's DOI, and which should be handled by Bureau enforcement staff.

**Staff Recommendation:** *The Bureau should provide the Committees with more information regarding the number and types of firearms incidents involving its armed guard licensees. The Committees may wish to direct the Bureau to develop new reporting protocols for shooting incidents that do not rely on the practice of self-reporting. The Bureau should report to the Committees on how long it takes for an incident to be reported, what the Bureau is doing to enforce the compliance of reporting incidents, the average timeframe for an investigation to be initiated and then completed, the training the Bureau provide its staff to handle the investigation process and whether there needs to be statutory clarification in order for the Bureau to continue to be able to protect consumers in this area.*

## **ENFORCEMENT ISSUES**

### **ISSUE #6: (FINE & CITATION STRUCTURE) Should the Bureau update its existing fine and citation structures?**

**Background:** The Bureau issues citations and fines as a means to encourage compliance with the laws and regulations of the six acts within the Bureau's oversight authority. Citations are issued for the less egregious violations because the primary intent is to encourage compliance as opposed to pursuing actions to revoke or suspend licensure. In egregious cases, citations and fines may be issued to enhance the disciplinary actions.

The Bureau's fine structure has not been updated in more than 20 years. Currently, failure to carry a Bureau registration card amounts to a \$10 fine and failure to carry a firearms qualification card is a \$25 fine. The average fine amount approximately \$1,330 pre-appeal and \$1,190 post-appeal.

The five most common violations for which the Bureau issued citations from April 2011 through December 30, 2013 were:

Unlicensed Activity	152
Administrative/Technical	97
Weapon Violations	35
Personal/Unprofessional Conduct	23
Contract Terms/Failure to Provide Service	7

**Staff Recommendation:** *The Bureau should conduct an analysis on how effective are the fine and citation structures in encouraging compliance. The Bureau should advise the Committees whether the current fine structure reflects the seriousness of the offense that warranted the fine or citation and if not, then how the fine structure needs to be adjusted in order to encourage compliance or enhance the disciplinary action. The Bureau should also inform the Committees as to the administrative, investigative, and enforcement costs associated with the violation and whether the fine structure helps to mitigate any of these expenses.*

### **ISSUE #7: (UNDERGROUND ECONOMY) Can the Bureau adequately address the problems concerning unlicensed reposessor, locksmith, and alarm company activities?**

**Background:** The Bureau lacks statutory authority to issue citations and fines for unlicensed reposessor activities. Repossession is the only license type in the Department that carries unenforceable provisions when unlicensed activity is found. Repossession agencies or agents who practice without licensure avoid licensing fees, fingerprinting, and background check requirements to obtain Bureau approval, and circumvent meeting the Bureau's standards regarding documentation and treatment of property. The Bureau must rely on the local district attorney to enforce the Collateral Recovery Act.

The Bureau has expressed that it is aware of online advertising by businesses providing services requiring a license, particularly locksmiths and alarm companies. In cases where the individual or business can be located, the Bureau educates them on the laws related to licensure or training requirements with a Pocket Guide that provides information on Bureau licenses, licensing requirements, and descriptions of unlicensed activities, and distributed them to law enforcement agencies statewide. However, it is not always possible to locate unlicensed businesses because of false addresses, names, aliases, and phone numbers listed on many of the false companies' websites.

The Bureau works with local law enforcement, District Attorney Offices, Employment Development Department (EDD), the Department of Insurance, and the Department of Alcohol and Beverage Control on enforcement activities targeting venues and events where violations of Bureau-related unlicensed activities frequently occur such as bars, sporting events, fairs and concerts to monitor compliance with the laws. Bureau enforcement staff has the authority to issue administrative citations for unlicensed activity with a fine amount up to \$5,000. Bureau enforcement staff forwards information to the EDD and Department of Insurance when encountering a business that is subject to one of the Bureau's practice acts and does not carry worker's compensation insurance, when a company is found to be paying employees in cash without maintaining a cash log, or potentially failed to pay appropriate employment taxes.

***Staff Recommendation:*** *The Bureau should inform the Committees of the most effective means of enforcement the Bureau takes in addressing unlicensed activity, as well as the effectiveness of disseminating licensing requirements and information to businesses. The Bureau should advise the Committees on the compliance rate after the Bureau has given these businesses this information. The Bureau should also inform the Committees as to how it becomes aware of unlicensed activity and whether any statutory changes are necessary to enhance these efforts.*

**ISSUE #8: (LICENSURE SUSPENSIONS & HOLDS) Should the Bureau create new protocol to suspend or hold armed guard licenses in the event of an altercation or misconduct by a licensee?**

**Background:** In the event of an altercation by or with an armed guard, involving or not involving a firearm, the Bureau does not have direct authority to hold or suspend the individual's license. The process to have an individual's license revoked is often slow, sometimes taking many months for an administration action to be completed even in the case that a criminal act is committed. The Bureau cannot take direct action against a licensee until a conviction is made, and the licensee continues to have the ability to work in that occupation. Convictions must also be substantially related to interfere with a person's ability to carry out the duties required as a condition of their license.

The Private Security Services Act authorizes the Bureau to automatically suspend the registration of a security guard, armed or unarmed, for the conviction of a substantially related crime. The Bureau can utilize the Penal Code 23 (PC23) hold, which allows the Bureau to request a judge to issue an order prohibiting the individual from working as a guard, armed or unarmed, pending the outcome of the judicial proceedings.

**Staff Recommendation:** *The Bureau should provide the Committees additional information about the tools that it needs to take action against licensees in a timely manner, ensuring that due process is followed.*

## **LICENSING ISSUES**

**ISSUE #9:** (MENTAL HEALTH SCREENINGS & PSYCHIATRIC EVALUATIONS) **Should the Bureau require more stringent mental health screenings for the licensee populations with firearms permits, in particular armed guards?**

**Background:** California does not currently require mental health examinations for armed guards. All applicant types, with the exception of proprietary private security employers, must submit their fingerprints to the Federal Bureau of Investigation (FBI) and Department of Justice (DOJ) for a criminal background check. The law does not provide the Bureau the authority to require Proprietary Private Security Employers to be fingerprinted.

Guards who apply for a BSIS Firearm Permit must submit a second set of fingerprints to obtain a DOJ Firearm Eligibility Determination. The DOJ Firearm Bureau advises the Bureau whether the individual may possess or is prohibited from possessing a firearm based on the applicant's prior criminal past or history of mental instability. Mental instability includes past restraining orders, suicide attempts, and 5150 psychiatric holds.

In addition, Bureau staff checks the Bureau's application and enforcement databases for any possible prior disciplinary actions, citations issued, or investigations related to the applicant. The application database is where Bureau enforcement staff would note an application hold. However, there is no national database for disciplinary actions for the industries under the Bureau's purview.

**Staff Recommendation:** *The Bureau should advise the Committee on what would be required for the implementation of new mental health screening protocols of its armed guard licensees, including an estimated cost of implementing this new screening procedure as well as the number of times a psychiatric evaluation be required during the lifetime or duration of the license. The Bureau should also inform the Committees about resources and mental health guidelines in place and available to an individual or entities involved in an incident involving an armed guard.*

## **TRAINING ISSUES**

**ISSUE #10:** (FIREARMS TRAINING: CURRICULUM) **Should the Bureau create a more comprehensive curriculum for firearms training?**

**Background:** In addition to the qualified manager (QM) examination requirements, certain license types are subject to Powers to Arrest and/or Firearms Permit training and examination. Security guards and responding alarm agents are required to pass the examination in the Bureau-developed Exercise of Powers to Arrest course. The applicant must receive a score of 100 percent on the examination in order to successfully complete the course. In addition, security guards, responding alarm agents, and

licensees who are authorized by their respective practice acts to possess a firearm in carrying out their regulated duties (Private Patrol Operator licensees and QMs, Private Investigator licensees and QMs, and Alarm licensees and QMs) must complete firearms training from a Bureau-certified firearms training facility/instructor as a condition for being issued a Bureau Firearms Permit. Bureau-certified training facilities are required to use specified course materials as provided by the Bureau.

To receive a Bureau Firearms Permit, an applicant is required to complete eight hours of classroom training that includes the moral and legal aspects of firearms use, firearms nomenclature, weapons handling, shooting fundamentals, and emergency procedures. In addition to the classroom training, applicants must also complete six hours of range training, which encompasses safety practices in handling and firing firearms. Licensees must requalify on the range twice a year in order to renew their Bureau Firearms Permit.

***Staff Recommendation:*** *The Bureau should evaluate the comprehensiveness of the requirements to receive a Bureau Firearms Permit and inform the Committees whether these current training requirements adequately reflect the real life situations licensees will face. The Committees may wish to establish a standardized curriculum for licensees to receive a Firearms Permit and determine whether the Bureau should have more oversight over the training and course materials provided by the training facilities.*

#### **ISSUE #11: (FIREARMS TRAINING: TRAINERS & FACILITIES) Should the Bureau regulate firearms trainers and facilities more closely?**

**Background:** BPC § 7585.3 specifies that any institution, firm, or individual seeking the Bureau's certification as a firearms training facility must complete an application that includes: 1) the name and location of the entity; 2) the places, days, and times the course will be offered; 3) an estimate of the minimum and maximum class size; 4) the location and description of the range facilities; and 5) the names and certificate numbers of the Bureau-certified firearms training instructors who will teach the course. In addition, each owner or principal of the training facility business must complete a Bureau personal identification application form, pay the specified certification fee, and submit fingerprints.

Pursuant to BPC §§ 7585 and 7585.6, the initial and continued education firearms training course offered by a Bureau-certified firearms training facility must comply with the content and format specified in the Bureau's *Firearms Training Manual*. However, the firearm training facility is not required to provide its specific course materials to the Bureau for approval.

A Bureau-certified firearm or baton training facility, or Bureau-approved school that provides training to PPSOs or security guards does not need to be approved by BPPE in order to obtain the Bureau's certification or approval, unless BPPE's law requires that they be approved. The Bureau refers institutions to BPPE to verify their exemption from BPPE's law.

BPPE does not have jurisdiction over all institutions where the Bureau approves or certifies specific programs or trainings. Pursuant to California Education Code (CEC) § 94874, institutions that do not award degrees and solely provide educational programs for total charges of \$2,500 or less when no

part of the total charges is paid from State or Federal student financial aid programs are exempt from the Bureau. Student financial aid includes State aid, Federal aid, and funds for the Workforce Investment Act program. The Bureau has a process whereby institutions can apply for a verification of exemption from the law.

There is no statutory requirement for the Bureau to inspect the approved schools and firearm/baton training facilities; however, the Bureau has the discretionary authority to do so. The Bureau carried out a firearm training facility pilot program in FY 2012–13 and conducted 15 inspections, but due to staff and workload issues, the inspections were discontinued. However, the firearm/baton training facilities and approved trainers are inspected as part of an investigation in response to a complaint. The Bureau has the statutory authority to suspend or revoke a firearm/baton training school’s certification for violations of the law. Also, the Bureau has the ability to cancel the approval of an approved trainer.

***Staff Recommendation:*** *The Bureau should outline its plans to finish inspecting the remaining firearms training facilities. The Bureau should also address whether these training facilities adequately provide the experience and strategies necessary to address the real life situations licensees will face and advise the Committees whether it should have more oversight over the training and course materials provided by the training facilities. The Bureau should provide information to the Committees on the number and type of complaints that have been filed against firearm/baton training schools and what administrative actions or protocols are currently in place to regulate these schools and bring them into compliance.*

**ISSUE #12: (FIREARMS TRAINING EXEMPTIONS FOR FEDERAL LAW ENFORCEMENT OFFICERS) Should the Bureau allow Federal Law Enforcement Officers to have the same exemptions from training that California Peace Officers are granted for the Bureau’s Firearms Permit?**

**Background:** The Private Security Services Act exempts specified peace officers from the firearm training required as a condition for issuance of the Bureau’s Firearms Permit. Peace officers are already required to complete firearms training through their employing agency, hence the exemptions from the training required for issuance of the Bureau’s Firearms Permit.

Active duty peace officers may apply to be an armed or unarmed security guard. However, to carry a weapon as a security guard, a peace officer must have on his/her person, while performing the duties of a security guard, either a written authorization from his/her primary employer (law enforcement entity) giving the peace officer permission to carry a weapon while performing the duties of a security guard or the peace officer must have an exposed firearm permit issued by the Bureau.

If the peace office is unable to obtain the written permission from his/her primary employer (law enforcement entity) the peace officer must apply for the firearm permit. Most law enforcement entities will not give a peace officer written permission on their department letterhead to carry a weapon, off duty, while performing the duties of a security guard. Therefore, the peace office must usually apply for the Bureau Firearms Permit. Specified active duty and level 1 & 2 reserve peace officers are also exempt from having to submit fingerprints for the security guard registration. However, a peace officer must submit fingerprints if the officer is also applying for the firearm permit. If the peace officer is only applying for the security guard registration they have the option of submitting or not submitting

fingerprints. However, if they leave their primary employment with law enforcement (retired, quit, laid off, or fired) and have not submitted fingerprints they must notify the Bureau that they are no longer with law enforcement and return the security guard registration to the Bureau within 72 hours.

If they wished to continuing working as a security guard they would have to reapply as a private citizen and complete the required training along with submission of fingerprints in order to obtain a security guard registration. Most peace officers, who work off duty as armed or unarmed security guards, prefer to submit fingerprints for both the security guard and the firearm permit. This allows a peace officer to retain the security guard registration and exposed firearm permit after the peace officer retires or changes employment status, and is no longer a sworn peace officer.

California does not recognize Federal Law Enforcement Officers as California peace officers. Therefore, any Federal Law Enforcement Officer would not qualify for the same exemptions mentioned above that California peace officers would be eligible to receive. Federal Law Enforcement Officers are also already required to complete firearms training through their employing agency.

**Staff Recommendation:** *The Bureau should inform the Committees to the requirements Federal Law Enforcement Officers should have to qualify for this exemption and whether there are any additional changes that would need to be made in order to clarify other exemptions for Federal Law Enforcement Officers who seek employment as an armed security guard. While California makes a clear and deliberate distinction between Federal Law Enforcement Officers and peace officers, it would be helpful for the Committees to know whether a policy to allow the same exemptions for Federal Law Enforcement Officers as with peace officers would affect other areas of licensure for this population within the scope of the Bureau.*

## **OTHER ISSUES**

### **ISSUE #13: (EVERGREEN CLAUSE) Does the Bureau have adequate authority to require Alarm Companies to notify consumers of automatic renewal clauses in their contracts?**

**Background:** Currently, Alarm Companies are exempt from specific disclosure requirements regarding automatic renewal provisions in their contracts, known as “Evergreen Clauses” or “Rollover Clauses”. This clause in the contract allows for automatic renewal of the monitoring portion of the contract unless the customer cancels the contract in writing by the date indicated in the contractual agreement (normally 30 days before the contract ends). This clause, however, is not always apparent to the customer since Alarm Companies are not obligated to notify consumers of this contractual obligation.

**Staff Recommendation:** *The Bureau should inform the Committees whether alarm companies should be required to notify consumers of automatic renewal clauses in their contracts, whether any specific consumer complaints about the ambiguity or misunderstanding of automatic renewal clauses in their contracts have been raised and how the Bureau may enforce a notification requirement.*

**ISSUE #14: (CONCEALED CARRY) Should Private Investigators have the ability to have concealed carry while carrying out an investigation?**

**Background:** Currently, the Business and Professions Code (BPC §7500 of the Private Investigator Act) does not specifically prohibit Private Investigators (PI) to carry a concealed weapon while carrying out an investigation covered by the PI Act. There is some concern about the transmittal of information from the Bureau to licensees that a PI with a Concealed Carry Weapon (CCW) permit (Penal Code §26150) may not carry that concealed weapon while carrying out an investigation covered by the PI Act. The ambiguity within the B&P Code and the aforementioned information provided to licensees by BSIS has caused confusion among PIs.

**Staff Recommendation:** *The Bureau should provide the Committees with a background and basis for the informal opinion released on the issue of concealed carry for their PI licensees as well as information about the number of PI licensees who also have a CCW permit and whether the issue of concealed carry has affected the ability of PIs to carry out their duties as a PI and their investigations. The Bureau should provide information to the Committees about the status of enforcement against PIs for carrying a concealed firearm while performing an investigation.*

**ISSUE #15: (VETERANS EMPLOYMENT) Should the streamlined process of employing veterans in specific occupations in the Bureau be evaluated?**

**Background:** The Bureau accepts military experience to satisfy specified experience required for licensure. The Bureau does not track the number of applicants who have applied for licensure using military training or experience to satisfy licensure requirements. However, the Bureau estimates that approximately 3 percent of the private investigator license applicants and approximately 5 percent of the private patrol operator license applicants have used their military experience to satisfy licensure requirements.

The Bureau tracks the number of applications received from veterans through its Veterans Comes First Program. As of June 30, 2014, the Bureau has processed 5,554 veteran applications since inception of the program in May 2012.

The Veterans Come First Program is one effort by the Bureau to assist veterans in their transition from military service to civilian employment. This program offers priority services to veteran applicants and assists veterans by leveraging their transferable military experience and training in order to meet all or part of the Bureau's licensing qualifications. BSIS licenses covered by this program include: Security Guards, Proprietary Private Security Officers, Private Patrol Operators, Private Patrol Operator Qualified Managers, Private Investigators, Alarm Company Qualified Managers, Repossessor Qualified Managers, Locksmith Operators, and Training Facilities and Firearm/Baton Instructors.

The BSIS Veterans Come First Program provides the following support for veteran applicants:

- A unique line and email account and P.O. Box.
- A staff person to support them through the licensing process.
- Priority handling of their license applications.

**Staff Recommendation:** *Although the Bureau has taken great measures to help integrate veterans into the civilian work force, the Bureau should also evaluate the effectiveness of its veterans programs in fully supporting these individuals and what efforts the Bureau may take, in conjunction with other organizations and Bureau-licensed occupations.*

**CONTINUED REGULATION OF SECURITY GUARDS, ALARM COMPANY OPERATORS, REPOSSESSORS, LOCKSMITHS, AND PRIVATE INVESTIGATORS BY THE CURRENT BUREAU**

**ISSUE #16.** (SHOULD THE BUREAU BE CONTINUED?) Should the licensing and regulation of security guards, alarm company operators, reposseors, locksmiths, and private investigators be continued and be regulated by the Bureau?

**Background:** California’s security guard, alarm company, reposessor, locksmith, and private investigator licensees are better served with oversight from the Bureau, and the public is better protected by Bureau regulation and accountability toward these professions. If the Bureau is eliminated, consumer safety and the greater public would be vulnerable to more predatory companies and armed guards who would not be held accountable with specific training requirements.

This is the Bureau’s first Sunset Review and thus should have the opportunity to address new and existing issues raised within the Bureau as well as from the Committees. The Bureau and Department appear committed to working collaboratively with the Legislature and the Committees to find solutions moving forward in the regulation if this important industry.

**Staff Recommendation:** *Staff recommends that the Bureau’s operations and Alarm Company Act, Locksmith Act, Private Investigator Act, Private Security Services Act, Proprietary Security Services Act, and Collateral Recovery Act be extended for four years and be reviewed at that time by the respective Committees of the Senate and Assembly. Recommend that security guards, alarm company operators, reposseors, locksmiths, and private investigators continue to be regulated by the Bureau in order to protect the interests of licensees and the public and be reviewed once again in four years.*