

BACKGROUND PAPER FOR The Bureau of Security & Investigative Services

**Joint Sunset Review Oversight Hearing, March 11, 2024
Senate Committee on Business, Professions and Economic Development
Assembly Committee on Business and Professions**

IDENTIFIED ISSUES, BACKGROUND AND RECOMMENDATIONS

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 19th century when private citizens performed many duties that are associated with Federal and state law enforcement today. Growth in the number of individuals and the breadth of activities performed (guarding railroad shipments, detective work to investigate crimes, tracking down and apprehending criminals, and providing security advice to banks) were integral to determining that regulation of the industry was necessary.

In California, regulatory oversight of the private security industry began in 1915 when the Detective Licensing Board was created 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 its statutes are currently known as the Private Investigator Act. In 1955, the Detective Licensing Bureau became the Bureau of Private Investigators and Adjustors that was combined with the Collection Agency Licensing Bureau in 1970 and renamed the Bureau of Collection and Investigative Services.

Assembly Bill 936 (Rainey, Chapter 1263, Statutes of 1993) formally renamed the Bureau as its current identifier, the Bureau of Security and Investigative Services (Bureau or BSIS).

The Bureau's mission is:

To protect and serve the public through effective regulatory oversight of the professions within the Bureau's jurisdiction.

To achieve this mission, the Bureau issues licenses, registrations, certificates, and permits and currently licenses about 433,000 licensees and companies. The Bureau administers six practice acts and regulates the industries affected by each practice act.

Alarm Company Act - An alarm company operator is a business that sells (at the buyer's home or business), installs, maintains, monitors, services, or responds to alarm systems. An alarm agent is an employee of the alarm company. Each alarm company licensee must designate a person who is associated with the license in the Bureau's records to serve as the qualified manager (QM).

Collateral Recovery Act - A repossession agency contracts with a legal owner (e.g., credit grantor of personal property) to locate and/or recover property sold under a security agreement, most commonly a

motor vehicle. Each repossession agency licensee must designate a person who is associated with the license in the Bureau's records to serve as the QM.

Locksmith Act - A locksmith operates a business that installs, repairs, opens, or modifies locks, as well as originates keys for locks. Locksmiths must hold a locksmith license and employees of locksmiths who perform locksmithing duties must hold a locksmith registration, issued by the Bureau. Persons who only make duplicate keys from an existing key are exempt from regulation by the Bureau.

Private Investigator Act - A private investigator is an individual who investigates crimes; the identity, business, occupation, or character of a person; the location of lost or stolen property; or the cause of fires, losses, accidents, damage, or injury. In addition, a private investigator secures evidence for use in court. Private investigators may protect persons only if such services are incidental to an investigation. Private investigators may not protect property. As specified in the Private Investigator Act, individuals performing private investigation activities must hold a private investigator license issued by the Bureau. Each private investigator licensee must designate a person who is associated with the license in the Bureau's records to serve as the QM.

Private Security Services Act - A private patrol operator is a company that employs security guards and contracts with other persons or businesses to protect persons or property, or to prevent theft (a security guard is not authorized to contract themselves out for private security services unless they also hold a private patrol operator license). Private patrol operators are prohibited from performing any investigation except as incidental to the theft or loss of property for a company it has contracted with to provide private security services. Each private patrol operator licensee must designate a person, who is associated with the license in the Bureau's records, to serve as the QM.

Proprietary Security Services Act - A proprietary private security employer is a person or company that employs one or more proprietary private security officers. The proprietary private security officers may only provide security services to their employing proprietary private security employer, i.e. a proprietary private security employer cannot contract out the services of its proprietary private security officers to any other person or entity. Proprietary private security officers are not authorized to carry a firearm nor any other weapon, including batons, chemical weaponry, or stun guns.

Qualified Managers - The Alarm Company Act, Collateral Recovery Act, Private Investigator Act, and Private Security Services Act require licensees to designate a person to serve as a QM. The QM is responsible for managing and directing the day-to-day activities of the licensed business, and may be the licensee, an agent of the licensee, e.g., officer of a corporation, or officer or member of a limited liability company (when applicable), or any other person designated by the licensee to serve in this capacity. The person serving as the QM must meet the experience requirements specified in the practice act and pass the licensing examination.

The Bureau of Security and Investigative Services Advisory Committee is comprised of 13 members, 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 and its industries, including Bureau-certified firearm and baton training facilities and instructors. Members are appointed to two-year terms, serve under the Director of the Department of Consumer Affairs (DCA/Department) for one term, and receive no salary or benefits to participate in Committee meetings and other activities. A member's appointment may be shortened or extended at the discretion of the Director.

Committee Member	Appointment Date	Term Expiration Date	Appointing Authority	Public or Professional
<p>Anton Famby Mr. Famby began his organizing career in 1998 working with SEIU organizing workers at Misericordia Home, a facility for physically and mentally disabled adults and in 2000, became an Organizer at SEIU Local 1 in Chicago. Mr. Famby relocated to Los Angeles where he organized security officers and was later elected President of the newly formed SEIU Local 2006, Security Officers United in Los Angeles (SOULA) and currently serves as Vice President of SEIU United Service Workers West, representing over 45,000 janitors, security officers, airport workers, and other property service workers throughout California.</p>	<p>February 8, 2017 (Reappointed February 08, 2021)</p>	<p>February 7, 2025</p>	<p>DCA Director</p>	<p>Public</p>
<p>Frank Huntington, III Mr. Huntington started in 1989 as an employee of Wilcox Investigations in Sacramento, CA. In 1992, Frank obtained his California Private Investigator's license and has run his own practice since. Frank is a Certified Professional Investigator through the California Association of Licensed Investigators (CALI), and is a member of several other state, national, and international associations.</p>	<p>July 31, 2017 (Reappointed July 1, 2021)</p>	<p>June 30, 2025</p>	<p>DCA Director</p>	<p>Professional – Private Investigator</p>
<p>Mark Miller Mr. Miller served on the California Association of Licensed Security Agencies, Guards & Associates (CALSAGA) board for 21 years. He is a past president and currently serves as Treasurer and Legislative Director. In addition to his role with CALSAGA, Mr. Miller and his employer are long-time members of the California Chamber of Commerce, where he participates in business advocacy efforts and serves on the Labor and Employment Committee.</p>	<p>April 7, 2020 (Reappointed April 1, 2022)</p>	<p>April 1, 2024</p>	<p>DCA Director</p>	<p>Professional – Private Patrol Operator</p>
<p>Darren Morgan As Director of Emergency Management, Security and Parking Services for Huntington Health since 2018, Darren has over 30 year of healthcare safety and security leadership. He has worked in hospitals since 1979 and is a dedicated mentor and collaborative team leader.</p>	<p>September 29, 2020 (Reappointed August 7, 2023)</p>	<p>September 28, 2024</p>	<p>DCA Director</p>	<p>Public</p>
<p>Eli Owen Mr. Owen is the Assistant Director of Recovery Operations at the Governor's Office of Emergency Services, where he served as Commander of the State Threat Assessment Center since 2015. Mr. Owen was an Intelligence Officer at the Central Intelligence Agency from 2006 to 2014. Mr. Owen is a member of the American Society for Public Administration – Sacramento Chapter and the University of Southern California Alumni Board – Sacramento Chapter.</p>	<p>April 30, 2017 (Reappointed July 1, 2021)</p>	<p>June 30, 2023</p>	<p>DCA Director</p>	<p>Public</p>

<p>Chris Sayers Mr. Sayers has been a Senior Manager in Security and Emergency Services at the Disneyland Resort located in Anaheim, California, for 13 ½ years. Prior to joining Disneyland’s security team, he worked for 29 years with the Anaheim Police Department in a wide variety of assignments including investigations, traffic, community policing, schools, patrol, and training. Mr. Sayers supervised and managed various units within the police department and retired as a police lieutenant. He also serves on the Anaheim Police Department’s Chief’s Advisory Board.</p>	<p>September 1, 2019 (Reappointed September 1, 2021)</p>	<p>August 31, 2025</p>	<p>DCA Director</p>	<p>Professional – Proprietary Security Employer</p>
<p>Leon Scroggins Mr. Scroggins began his career in the financial and repossession industries in July 1972. In 1988 Mr. Scroggins opened his own repossession company, Leon’s Quality Adjusters, Inc. in Fresno, CA, and a second office, Kern County Recovery, in Bakersfield, CA. Mr. Scroggins sold his repossession companies in September of 2015, but maintains his Qualified Manager’s Certificate and manages Peggy’s Speedy Recovery, a Nevada based Repossession Agency operations in California. Mr. Scroggins served eleven years on the board of The California Association of Licensed Repossessors, Inc. (CALR) including two terms as President. Mr. Scroggins also works as an independent consultant to California Repossession Agencies and has been an Expert Witness in cases concerning Repossessions.</p>	<p>August 19, 2021 (Reappointed September 28, 2023)</p>	<p>August 18, 2025</p>	<p>DCA Director</p>	<p>Professional – Repossessor</p>
<p>Glen Younger Mr. Younger has worked in the security, access control and life safety field since 1974, beginning as a door hardware installer. In 1985 Mr. Younger joined Clark Security Products based in southern California, which grew from a small regional distributor to an industry leader that was acquired by Anixter/ Wesco, the largest supplier of door & security hardware in North America. In 2005, Mr. Younger purchased Grah Safe and Lock, a locksmith security company in San Diego, CA. Mr. Younger also serves on the advisory board for the California State Fire Marshall and as a subject matter expert for the Contractors State License Board.</p>	<p>April 7, 2020 (Reappointed April 1, 2022)</p>	<p>April 1, 2024</p>	<p>DCA Director</p>	<p>Professional - Locksmith</p>
<p>Vacant</p>			<p>DCA Director</p>	<p>Professional – Alarm Company</p>
<p>Vacant</p>			<p>DCA Director</p>	<p>Professional – Training Facilities</p>
<p>Vacant</p>			<p>DCA Director</p>	<p>Public</p>
<p>Vacant</p>			<p>DCA Director</p>	<p>Public</p>
<p>Vacant</p>			<p>DCA Director</p>	<p>Public</p>

A lack of quorum does not prevent the Advisory Committee from meeting because they function solely as an advisory body. Please refer to pages 7 through 11 of the Bureau’s 2023 Sunset Review Report, which can be found here: https://www.bsis.ca.gov/forms_pubs/sunset_2023.pdf, for detailed information about meeting dates, locations, and individual member attendance.

Disciplinary Review Committees

The Bureau has five Disciplinary Review Committees (DRC). The Alarm Company Act, the Collateral Recovery Act, and the Private Investigator Act each establish one DRC, and the Private Security Services Act establishes two DRCs, one in Northern California and one in Southern California. DRCs provide applicants and licensees a path to appeal BSIS license denials, automatic suspensions of a license (for those license types BSIS has statutory authority to take such action), and BSIS’s assessment of an administrative fine(s) for violations of the specified Acts that is alternate to a formal appeal. Appellants have the right to appeal decisions made by the DRC to the Office of Administrative Hearings (OAH).

Fiscal, Fund and Fee Analysis

As a special fund agency, the Bureau receives no General Fund (GF) support relying solely on fees set by statute and collected from licensing and renewal fees. The PSS Fund is not continuously appropriated. DCA prepares the BSIS annual budget and BPC § 128.5(b) requires the Bureau’s fund to not exceed two fiscal years in reserves or the Bureau must reduce fees to reduce surplus funds.

In past fiscal years, entities within DCA have provided loans to the general fund (GF), which are paid back over time in full with interest. The last loans the Bureau made from the PSS Fund to the GF were \$4 million in FY 2003/04 and again for \$4 million in FY 2011/12. Both loans were repaid with interest in FY 2015/16. The last loan from the PI Fund to the GF was made in FY 2011/12 for \$15 million, which was paid back with interest in July 2018. With a significant projected budget deficit in FY 2024/25, there is a possibility that special fund-DCA entities may again be selected to provide a GF loan to help balance the state budget; however, issuing a loan to the GF may be challenging with the Bureau’s current fund condition.

Private Security Services (PSS) Fund and Private Investigator (PI) Fund Condition

Until FY 2019/20, the Bureau oversaw two funds – the PSS Fund and the Private Investigator (PI) Fund. Senate Bill 609 (Glazer, Chapter 377, Statutes of 2019) merged the PI fund into the PSS Fund effective FY 2020/21. The following tables reflect each fund before the merge (FY 2019/20 through FY 2021/22) and after (FY 2022/23 and FY 2024/25).

Fund Condition – Private Security Services Fund						
(Dollars in Thousands)	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24*	FY 2024/25
Beginning Balance	\$9,143	\$7,331	\$6,964	\$5,157	\$6,302	\$4,258
Revenues and Transfers	\$14,738	\$15,957	\$15,647	\$16,844	\$17,492	\$18,216
Total Resources	\$23,881	\$23,288	\$22,611	\$22,001	\$23,794	\$23,019
Budget Authority	\$15,238	\$15,874	\$17,938	\$17,870	\$18,253	\$18,803
Expenditures	\$15,485	\$16,832	\$17,575	\$15,699	\$19,536	\$20,056
Loans to General Fund	\$0	\$0	\$0	\$0	\$0	\$0
Accrued Interest, Loans to General Fund	\$0	\$0	\$0	\$0	\$0	\$0
Loans Repaid From General Fund	\$0	\$0	\$0	\$0	\$0	\$0

Fund Condition – Private Security Services Fund						
(Dollars in Thousands)	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24*	FY 2024/25
Fund Balance	\$8,396	\$6,456	\$5,036	\$6,302	\$4,258	\$2,418
Months in Reserve	6.0	4.4	3.7	3.9	2.6	1.4

* Reflects fund transfer from PI fund

Fund Condition – Private Investigator Fund						
(Dollars in Thousands)	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24*	FY 2024/25
Beginning Balance	\$912	\$424	\$440	\$425	\$434	\$0
Revenues and Transfers	\$654	\$94	\$2	\$9	\$434	\$0
Total Resources	\$1,566	\$518	\$442	\$434	\$0	\$0
Budget Authority	\$0	\$0	\$0	\$0	\$0	\$0
Expenditures	\$1,135	\$85	\$17	\$0	\$0	\$0
Loans to General Fund	\$0	\$0	\$0	\$0	\$0	\$0
Accrued Interest, Loans to General Fund	\$0	\$0	\$0	\$0	\$0	\$0
Loans Repaid From General Fund	\$0	\$0	\$0	\$0	\$0	\$0
Fund Balance	\$431	\$433	\$425	\$434	\$0	\$0
Months in Reserve**	4.2	0.0	0.0	0.0	0.0	0.0

* Based on Projections through FM 12

** Months in reserve are no longer captured after the funds were merged.

Although the funds were merged, the PI Fund retained \$431,000 to account for encumbrances already committed to be paid in specific fiscal years. All remaining resources were transferred to the PSS Fund in FY 2023/24 and the PI Fund balance will be zero by the end of the current fiscal year.

The Bureau projects the PSS Fund to end FY 2023/24 with a reserve balance of \$4,258,000, or 2.6 months in operating reserve. Without any fee increases, a deficit is expected to occur in FY 2026/27. The Bureau is currently drafting regulations to increase all fees to the statutory maximum authorized in the practice acts, however, at this time the effective date for those regulations is unknown. The Bureau expects to have these regulations submitted to the Office of Administrative Law by the end of the calendar year 2024.

During the past four fiscal years, the Bureau’s enforcement program accounted for an average of 37% of Bureau expenditures, the examination program accounted for 0.49%, and the licensing program accounted for 19%. The Bureau’s administrative costs accounted for 7% of the Bureau’s expenditures, while DCA pro rata totaled 36%.

Expenditures by Program Component – PSS Fund								(list dollars in thousands)	
	FY 2019/20		FY 2020/21		FY 2021/22		FY 2022/23		
	Personnel Services	OE&E							
Enforcement	\$2,458	\$3,254	\$2,668	\$3,784	\$3,100	\$2,678	\$2,896	\$1,609	
Examination	\$0	\$23	\$0	\$42	\$0	\$148	\$0	\$84	
Licensing	\$2,498	\$0	\$2,711	\$278	\$3,150	\$244	\$2,942	\$395	
Administration *	\$955	\$0	\$994	\$87	\$1,149	\$77	\$1,087	\$118	
DCA Pro Rata	\$0	\$6,049	\$0	\$5,266	\$0	\$5,866	\$0	\$5,278	

Diversion (if applicable)	N/A							
TOTALS	\$5,911	\$9,264	\$6,373	\$9,457	\$7,399	\$9,013	\$6,925	\$7,484

*Administration includes costs for executive staff, bureau administrative support, and fiscal services.

Expenditures by Program Component – PI Fund									(list dollars in thousands)
	FY 2019/20		FY 2020/21		FY 2021/22		FY 2022/23		
	Personnel Services	OE&E	Personnel Services	OE&E	Personnel Services	OE&E	Personnel Services	OE&E	
Enforcement	\$145	\$104	\$0	\$0	\$0	\$0	\$0	\$0	
Examination	\$0	\$323	\$0	\$0	\$0	\$0	\$0	\$0	
Licensing	\$148	\$42	\$0	\$0	\$0	\$0	\$0	\$0	
Administration *	\$48	\$12	\$0	\$0	\$0	\$0	\$0	\$0	
DCA Pro Rata	\$0	\$218	\$0	\$0	\$0	\$0	\$0	\$0	
Diversion (if applicable)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
TOTALS	\$341	\$699	\$0	\$0	\$0	\$0	\$0	\$0	

*Administration includes costs for executive staff, bureau administrative support, and fiscal services.

The PI Fund was merged into the PSS Fund so operations expenditures from the PI Fund ceased effective FY 2020/21. However, the PI Fund Table 2. Fund Condition shows continued expenditures. Those expenditures include direct draws to the fund, e.g. statewide pro rata, supplemental pension, etc., which are not operational expenses that are shown on Table 3.

The Bureau has been on BreZE since January 19, 2016. Since FY 2018/19, the Bureau has budgeted \$18,448,324 toward managing and maintaining the BreZE program for 21 of its 23 license types. The Bureau’s change requests, or Breeze Maintenance Operations (BMO) requests, are submitted monthly to the Department’s Portfolio Governance Council, which then decides on priorities among the BMOs submitted. The Bureau currently has 52 BMOs pending.

The Bureau issues 23 license, registration, certificate, and permit types, each of which has multiple fees, and for which authorization may come from one of six practice acts. These fees may include application, license, renewal, delinquent, and other fees.

Bureau Fee Authority			
Industry	Fee	BPC	16 CCR
Alarm Company	Fingerprint	7593.1	641
	Certificate of licensure	7593.8	641
	Fingerprint card processing	7598.4	641
	Enhanced pocket card	7598.14	641
	Delinquent registration	7598.17	641
	Alarm company operator application, license, and renewal; qualified manager application and examination, reexamination, and renewal; original branch license and renewal; reinstatement; alarm agent registration and renewal; firearms permit; photo identification card processing; certificate of licensure; alarm company operator certificate of licensure; delinquency; operator license assignment processing; replacement registration, license, certificate, or permit; endorsed verification; reinstatement following suspension	7599.70	641
Locksmiths	Initial application, license, and renewal; branch office initial registration and renewal fees; reinstatement fee; initiation employee registration and renewal; fingerprint fee; certificate of licensure; delinquency fee; endorsed verification of registration; replacement registration, license, or certificate; reinstatement following suspension	6980.79	638
	Fingerprint processing	7525.1	639

Private Investigators	Enhanced phot identification card	7529	639
	Each fictitious name; fictitious name change; initial fictitious name	7532	639
	Original license application and examination; branch office certificate original application; original PI license; PI and branch office renewals; delinquency; reinstatement; reexamination; assignment of license processing; firearms permit and renewal; certificate of licensure; endorsed verification of licensure; reinstatement following suspension for failure to maintain liability insurance (LLCs); reinstatement following suspension for failing to remain in good standing with Secretary of State	7570	639
Private Security Services	Fingerprint card processing	7582.7	640
	Enhanced pocket card	7582.13	640
	Each fictitious name; change in fictitious name; original fictitious name	7582.17	640
	Fingerprint card processing	7583.9	640
	Original license application and examination; branch office certificate application; original license; operator and branch renewals; delinquency; reinstatement; reexamination; security guard registration and renewal; firearm permit and renewal; baton permit and renewal; firearms training facility certification and renewal; baton training instructor certification and renewal; replacement registration, license, certificate, or permit; certificate of licensure; endorsed verification of registration, licensure, certificate, or permit; reinstatement following suspension for failure to remain in good standing with Secretary of State	7588	640
Proprietary Security Services	Proprietary security officer registration; replacement registration card; biennial registration renewal	7574.11	642.5
	Proprietary private security employer registration; biennial renewal; card replacement	7574.13	642.5
	Endorsed verification of registration	7574.35	642.5
	Reinstatement following suspension after suspension for failing to remain in good standing with Secretary of State	7574.36	642.5
Repossessors	Fingerprint card processing	7503.1	642
	Fingerprint card processing	7506.5	642
	Original repossession agency license application; original qualified manager certificate application; qualified manager renewal; repossession agency reinstatement; qualified manager reinstatement; qualified manager reexamination; initial employee registration; biennial registration renewal; employee reregistration; endorsed verification of licensure, certification, or registration; replacement registration, license, or certificate	7511	642

The Bureau included detailed information about each fee’s current amount, statutory limit, and revenue, as well as the percentage of Bureau revenue generated by each fee in its [Sunset Review Report](#) on pages 28 through 32.

The Bureau implemented several fee changes and adopted new fees through legislation since the previous sunset review:

- SB 385 (Jones, Chapter 326, Statutes of 2019) established a fee of \$25 for an endorsed verification of licensure, certification, or permit. Additionally, the bill authorizes a reinstatement fee following a suspension of not more than 50% of the renewal fee for the private investigator license type. This bill was operative on July 1, 2020.
- AB 830 (Flora, Chapter 376, Statutes of 2021) requires a fee of 25% of the license renewal for reinstatement of a reposessor, private investigator, alarm company operator, and private patrol operator license after suspension for failure to remain in good standing with the Secretary of State or the Franchise Tax Board.
- SB 609 (Glazer, Chapter 377, Statutes of 2019) abolished the Private Investigator Fund and directed money derived under the act to be deposited into the Private Security Services Fund. This bill created a floor and ceiling fee structure to address the increased licensing costs, raised several fees by setting the floor as the current fee, and introduced new fees as follows:

Private Investigator Fee Type	Previous Fee	Current Fee
Original private investigator license application and examination	\$50	\$340
Original branch office certificate application	\$30	\$90
Original license	\$175	\$385

License renewal	\$125	\$265
Certificate renewal	\$30	\$65
Qualified manager reexamination	\$15	\$60
License assignment	\$15	\$60
New fictitious name authorization	\$25	\$75
Each fictitious name authorization/change	\$25	\$75
Initial firearms permit	N/A	\$100
Firearms permit renewal	N/A	\$80
Enhanced photo identification card	N/A	\$4

- AB 2515 (Holden, Chapter 287, Statutes of 2022) requires the Bureau renew baton permits every two years and charge a renewal permit fee of at least \$40, but not to exceed \$44.

The Bureau has struggled with recruitment and retention over the last four years. However, through a concerted effort to conduct outreach at job fairs, the Bureau currently has a vacancy rate of 7.8%.

The Bureau states its biggest challenge has been competing with other state agencies that offer full time telework, which the Bureau is not able to do with most positions. The Bureau also reports losing entry level staff to promotional opportunities in and outside the Bureau.

To mitigate some of these challenges and to meet the growing complexity of licensing requirements, Bureau management successfully reclassified positions in licensing, enforcement, and the disciplinary review units. For example, to recruit and retain staff capable of carrying out the more complex duties and responsibilities, the Bureau: 1) reclassified PT II positions to analyst positions to work on company license applications, 2) reclassified PT positions to Management Services Technician positions to carry out more complex work related to issuing Firearms qualifications card, and 3) reclassified analyst positions as Special Investigators to conduct field investigations.

The Bureau utilizes cross-training to ensure staff have knowledge of a wide range of Bureau processes and procedures. The Bureau also actively maintains procedure manuals and reference documents to retain institutional knowledge when a staff member separates, promotes, or retires. The Bureau encourages all staff to attend training classes, including those that lead to staff promotions. Most classes that Bureau staff attend are free of charge and provided by the Department’s SOILD unit. However, the Bureau typically spends \$13,531 each year to train staff outside SOLID’s portfolio of classes.

Licensing

Until January 1, 2024, the Bureau issued 23 different license, certificate, registration, and permit types.¹ Based on the past four fiscal years and across its six practice acts, the Bureau has had an average active licensee population of 15,051 company and employer licenses with 831 branch registrations, 2,002 qualified manager certifications, and 326,694 employee registrations. Those employees have 74,917 baton and firearm permits, which they obtained from 471 Bureau certified firearm and baton training facilities, employing 814 Bureau certified instructors. The Bureau provided individual license, registration, certificate, and permit data in its [Sunset Review Report](#), in Table 6. Licensee Population, on pages 37 through 41. Effective January 1, 2024, the BSIS issues a baton permit.

¹ Private security services qualified managers and private investigator qualified managers were not a separate certificate type until AB 1244 (Holden, Chapter 571, Statutes of 2023) created the standalone certifications effective January 1, 2024. Consequently, those license types are not discussed in this paper or the Bureau’s sunset report.

Table 6 shows an annual average 138,663 licenses categorized as “other”. These are licenses, registrations, certificates, and permits that have been suspended for a variety of reasons. For example, BSIS has auto-suspend authority on several license types when a licensee is convicted of a substantially related crime. Other contributors to the “other” category are suspensions for failing to meet requirement to maintain a license, such as failing to maintain a qualifying license, failing to maintain liability insurance, being Franchise Tax Board suspended, or not having a qualified manager. Once suspended, these licenses remain in that status indefinitely or until resolved by the licensee, if before the renewal period expires.

The Bureau issues an average of 75,832 original applications and 103,798 renewals per year.² Overall, the Bureau meets its performance targets, but processing times fluctuate around peak times of year, such as the holiday season and summer months when security guard applications historically increase. During these times, the Bureau will redirect staff from other units to help process applications if processing times are approaching the targeted processing time limits, which allows the Bureau to avoid relying on overtime to meet the following performance targets:

Employee Registrations

Employee registration initial applications consist of the following license types: security guards, proprietary private security officer, alarm company employee, locksmith employee, and reposessor agency employee. The Bureau strives to issue an employee registration for an applicant that is in the military, a veteran, is married to a spouse in the military, or has a domestic partner in the military within 45 days of receipt of a non-deficient BreEZe application or sooner. For non-military applicants, the processing goal is to issue a license within 60 days of receipt of a non-deficient application.

Firearms Permits

The Bureau strives to issue an original firearm permit from an applicant who is in the military, a veteran, married to a spouse in the military, or has a domestic partner in the military within 56 days after receipt of a non-deficient application or sooner. For non-military applicants, the goal is to process the application within 75 days of receipt of a non-deficient application.

Companies, Qualified Managers, Facilities and Training Instructors

Processing times can be longer for licenses because of issues similar to registration applications, and in the case of the QM applications, times can increase based on how long it takes for the applicant to pass the examination. Irrespective of potential delays, the Bureau strives to issue company and facility licenses under the following timelines:

License/Certification Type	Timeline
Locksmith Company, Baton Training Facility Certificate, Firearm Training Facility Certificate	90 days of receipt
Alarm Qualified Manager, Repossession Agent Qualified Manager, Baton Training Instructor, Firearm Training Instructor Certificate	75 days of receipt
Alarm Company Operator, Collateral Recovery Agency, Private Investigator Company, Private Patrol Operator License	120 days of receipt

² Renewals do not include baton permits. Permits were issued by the training facility and did not require renewal until AB 2515 (Holden, Chapter 257, Statutes of 2022) authorized the Bureau to issue permits effective January 1, 2024.

Renewals

All licensees, registrants, certificate holders and permit holders are required to submit renewal applications at least 60 days before expiration. If the renewal application is received timely and without deficiencies (e.g., failure to include payment or sign the form), the Bureau renews the registration before the current one expires. BreZE registration renewals are processed in real time and are issued immediately upon submission and payment.

The Bureau has begun updating the BreZE online company applications to make it more user friendly, with less opportunities for applicants to overlook required information that will result in a deficiency. While the magnitude of applications received is challenging, the Bureau strives for continuous improvement and implements changes when process efficiencies are identified.

The Bureau conducted an assessment to determine where processing delays occur. The Bureau found that those who apply by mail can wait up to two weeks before staff begin processing applications. This delay is due to application fee cashing that takes place outside of the Bureau's headquarters before the application is forwarded to the Bureau for processing. However, using online applications eliminates that step, thus reducing processing times. To promote efficiencies, the Bureau has encouraged online processing (versus paper applications) through outreach efforts, including speaking to its various professions at conferences, advisory committee meetings, and through its listserv email distributions.

In FY 2020/21, the online initial application participation rate was 84% of applicants and the online renewal participation rate was 66%. In FY 2022/23, the initial online application participation rate was 91% and the renewal rate was 87%.

Over the last four years, the Bureau received and reviewed a yearly average of 18,888 applications with criminal convictions and denied an average of 3,414 applications based on substantially related criminal history. The Bureau's substantially related criteria is found in Title 16 of the California Code of Regulations (16 CCR), § 602. Convictions are considered substantially related if, to a notable degree, they evidence a present or potential unfitness for licensure and include crimes involving violence, sexual assault, sexual abuse or public indecency, misdemeanor or felony theft, unlawful possession or use of a firearm, felony property crimes, and felonies related to manufacturing or sales of controlled substances. In reviewing a criminal history, the Bureau also considers the nature and severity of the act, the time that has lapsed since the commission of the crime, the applicant's compliance with parole, probation, or restitution terms, and any other evidence of rehabilitation.

SB 1196 (Hill, Chapter 800, Statutes of 2016) mandated that, effective January 1, 2018, all security guards applying for a BSIS Firearms Permit must pass a firearms assessment to be found capable of exercising appropriate judgment, restraint, and self-control for the purposes of carrying a firearm during the course of their guard duties. If the applicant failed the assessment, their application for a firearms permit would be denied.

Those who had their firearms permit application denied for failing the assessment had the right to appeal the denial through the administrative process. From 2018 through 2021, the Bureau had a significant increase in application denials, appeals, referrals to the Office of the Attorney General (OAG), SOI filings, and hearings with the Office of Administrative Hearings (OAH) because of the firearm assessment. The Bureau filed 38 SOIs in FY 2017/18, then 321 in FY 2018/19, 514 in FY 2019/20, and 398 in FY 2020/21.

SB 607 (Min, Chapter 367, Statutes of 2021) required security guard applicants who wish to apply for a firearm permit to take and pass the firearms assessment *prior* to applying for the firearms permit and removed the

provisions requiring the Bureau to deny the application. This change significantly reduced the number of cases referred to the OAG in FY 2022/23.

All applicants, with the exception of proprietary private security employers, must submit fingerprints to the Department of Justice (DOJ) and Federal Bureau of Investigation (FBI) for a criminal background check. In addition, Bureau staff who process company applications, including for firearms training facilities and instructors, check the BreEZe enforcement information for prior accusations and revocations associated with training instructors and individuals who will serve as principals on a company license or training facility certificate. Given the volume of registration and firearms permit applications, the Bureau relies on BreEZe alerts placed by Bureau enforcement staff if the individual had disciplinary actions taken on a prior license for a serious act(s) or violation(s).

The Bureau has not denied a license based on the applicant's failure to respond affirmatively to the application question about having ever been convicted of a crime. Based upon AB 2138 (Chiu, Chapter 995, Statutes of 2018) the Bureau does not ask this question on the application.

All applicants, except for proprietary private security employers, are fingerprinted. The law does not provide the Bureau the authority to require proprietary private security employers to be fingerprinted. All current licensees, except for proprietary private security employers, have been fingerprinted and the Bureau receives subsequent arrest records for all those subject to fingerprinting.

All Bureau applications that require fingerprints must include DOJ/FBI criminal offender record information directly from the DOJ/FBI. Additionally, firearms permit applications are required to include notification from the DOJ Bureau of Firearms on whether the applicant is or is not prohibited from possessing a firearm. The Bureau also requires notification from the firearm assessment vendor that the applicant has passed the mandatory firearm assessment.

Baton permit applicants must be listed on the course roster submitted by the baton training facility. Until December 31, 2023, the actual permit was issued to the individual by the baton training instructor and the facility submitted the course rosters to the Bureau as verification of the applicant's attendance. Beginning January 1, 2024, baton permits will be issued by the Bureau directly to applicants per AB 2515 (Holden, Chapter 287, Statutes of 2022).

Applicants for a qualified manager certificate must take and pass a licensing examination administered by the testing vendor. The testing vendor notifies the Bureau electronically of the applicant's examination score.

The Private Investigator Act authorizes a private investigator licensed in another state to continue the investigation in California for no more than 60 days from the date the investigation originated in the other state. The Bureau has reciprocity agreements with Florida, Georgia, Louisiana, North Carolina, and Oregon. There are not national standards or states with comparable standards for the Bureau's remaining professions/license types. In the interest of public safety, the Bureau does not have reciprocity agreements for these license types.

All company license, registration, certification, and firearm permit applications contain the required language to inquire whether an applicant is currently, or has ever served, in the military. The Bureau accepts military experience to satisfy specified experience required for licensure. The Bureau has not made any regulatory changes relating to BPC § 35 during the last five years. The Bureau has statutory authority to recognize military experience from applicants to determine if their experience meets various licensure requirements. However, meeting the experience requirements does not provide an exemption from the examination requirement, when applicable.

The Bureau does not track the number of applicants who have applied for licensure using military training or experience to satisfy licensure requirements and has not waived fees as no applications were received during the reporting period. However, when an applicant seeks to use their military experience/training, the Bureau verifies it as part of the determination process to ensure it satisfies the statutory experience/training requirements for the applicable license type.

There is not a national examination so the Bureau requires a California-specific examination, developed by the Department’s Office of Professional Examination Services (OPES), for licensure as an alarm company operator, private patrol operator, private investigator, or repossession agency. Specifically, the QM who is the individual responsible for managing the day-to-day activities of the business for a licensee, must pass an exam comprised of 100 multiple choice questions focused on performing the duties of a licensee, records management, business administration, and knowledge of other topics required to successfully operate as a licensee.

Examination Data						
California Examination (include multiple language) if any:						
	License Type	Repossession Agency	Private Investigator	Alarm Company Operator	Private Patrol Operator	Firearms
	Exam Title	Repossession Agency Qualified Manager	Private Investigator Qualified Manager	Alarm Company Qualified Manager	Private Patrol Operator Qualified Manager	Assessment
FY 2019/20	Number of Candidates	3	323	42	411	6,354
	Overall Pass %	67%	72%	86%	47%	86%
	Overall Fail %	33%	28%	14%	53%	14%
FY 2020/21	Number of Candidates	8	274	67	475	8,904
	Overall Pass %	75%	61%	64%	47%	86%
	Overall Fail %	25%	39%	36%	53%	14%
FY 2021/22	Number of Candidates	6	212	84	512	9,863
	Overall Pass %	67%	62%	38%	42%	92%
	Overall Fail %	33%	38%	62%	58%	8%
FY 2022/23	Number of Candidates	16	273	84	596	11,651
	Overall Pass %	44%	63%	49%	49%	86%
	Overall Fail %	56%	37%	51%	51%	14%
	Date of Last OA	2017	2022	2023	2021	N/A
	Name of OA Developer	Office of Professional Examination Services	Psychological Services Industry			
	Target OA Date	2024	2027	2028	2026	N/A

Overall, the pass rates for first time test takers is significantly higher than candidates who took an examination multiple times. For repossessors, the first time pass rate is 79% compared to 57% candidates who made multiple attempts. Private investigators passed 84% compared to 65%, private patrol operators passed 65% versus 46%, and alarm company operators passed 66% versus 55%. This pattern is similar to that of other programs within DCA where if an applicant is likely to pass an exam, they pass on the first attempt.

The firearms qualification assessment evaluates whether the applicant possesses appropriate judgment, restraint and self-control to carry and use a firearm while performing armed security guard services. The average passage

rate for first time assessment takers is 99% and the overall average passage rate for the firearm assessment is 86%.

Occupational Analysis and Examination Administration

The QM examinations are developed by OPES, which also conducts an occupational analysis (OA) every 5-7 years to inform examination content. The firearms qualification card assessment is developed by Psychological Services Industry (PSI), which also administers the Bureau's four examinations.

PSI administers examinations on a computer-based format, but offers paper and pencil for those who require reasonable accommodations. Candidates may use PSI online registration and scheduling feature or call a toll-free number to schedule their test at one of 17 California-based and 22 out-of-state testing sites where qualified manager examinations are administered six days a week (Monday– Saturday), year-round, except on major holidays. Firearms qualification assessments are available at 23 locations six days a week, except on major holidays.

In addition to the above examinations, the Bureau develops a Power to Arrest examination, which is administered by licensed training facilities to security guard and alarm agent registrants after they complete the required training.

Current law prohibits a firearms permit from being renewed until the Bureau receives notification from the DOJ that the permitholder is not prohibited from possessing a firearm (BPC §§ 7583.25 and 7596.81). The permitholder completes and submits a DOJ Firearms Qualification Applicant Form with the Bureau's Firearms Permit Renewal Application. Bureau staff forward the Firearms Qualification Applicant Form via U.S. Mail to the DOJ to research whether the permitholder has undergone a triggering event in another state or a violation of federal law that would prohibit them from possessing a firearm. The law requires the DOJ to provide the Bureau a response within 30 days of receipt, however, this turnaround time often is not met.

School Approvals

Baton and Firearm Training Facilities

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 or the Bureau's Baton Training Manual, as applicable. However, the firearm or baton training facility is not required to provide its specific course materials to the Bureau for approval.

Additionally, any institution, firm, or individual applying for Bureau certification as a firearms or baton training facility must complete an application that, among other things, includes the places, days, and times the course will be offered; an estimate of the minimum and maximum class size; the location and description of the facilities; and the names and certificate numbers of Bureau certified firearms or baton 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.

There is no requirement for the Bureau to inspect approved schools or organizations providing baton training facilities; however, they may be inspected as part of an investigation. The Bureau *is* required by statute to inspect a firearms training facility within 120 days of initial certification and to conduct random and targeted inspections (BPC § 7585.4.1). The Bureau is authorized 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.

Security Guard Skills Training

The Bureau approves organizations, schools, or private patrol operators that provide security guard skills training to proprietary private security officer applicants and security guard registrants (BPC §§ 7574.18 and 7583.6). An applicant must submit a letter to the Bureau with a request to this effect and include the name of the proprietary private security employer, organization, or school; a brief explanation as to why it would like to be a training provider; the location where the training will take place; the location where all training records will be maintained; and the names and resumes for all related instructors. However, private patrol operators that provide the security guard training to its own employees are not required to notify the Bureau.

If the applicant is a proprietary private security employer, the Bureau also reviews the application to ensure the applicant is currently registered with the Bureau and a responsible person is designated on the application. For school applicants, the Bureau checks for Bureau of Private Postsecondary Education licensure or accreditation through the Accrediting Commission for Schools Western Association of Schools and Colleges (ACS WASC) or other applicable accreditation sites.

There is no requirement for the Bureau to inspect approved schools or organizations providing proprietary private security officer training or security guard training; however, they may be inspected as part of an investigation. The Bureau is authorized to suspend or revoke a private patrol operator license for violations of the law. Also, the Bureau has the ability to cancel the approval of an approved trainer.

Continuing Education (CE)

Since the previous sunset review, the Bureau has added CE requirements to the baton permit. Except for the following license types, Bureau licensees are not required to complete CE.

Continuing Education			
Type	Frequency of Renewal	Number of CE Hours Required Each Cycle	Percentage of Licensees Audited
Baton Permit	Biennial	Pass required training	N/A
Firearm Permit	Biennial	Complete required training / pass exam	N/A
Proprietary Private Security Officer	Biennial	8 hours	N/A
Security Guard	Biennial	16 hours	N/A

Baton Permit

To renew a baton permit, the holder must complete the baton training course specified in Business and Professions Code (BPC) section 7585.9 within the six months preceding the month of the permit's expiration.

Firearms Permit Renewal

To renew a firearms permit, the holder must complete four range qualifications as follows: two range qualifications during each 12-month period of the permit's two-year term with no two range qualifications completed closer than four months apart. In addition, during each qualification, the permitholder must complete a two-hour course on use of force and de-escalation of force with passage of the same written examination required for the initial permit required during one of the qualification sessions.

Proprietary Security Services Officer Registrants

The annual CE may repeat any of the courses of the initial 16-hour training or other applicable security officer training for renewal. The training may be administered by the proprietary private security employer 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 proprietary private security officer.

Security Guard Registrants

A security guard registrant must complete 32 hours of security guard training within six months of being registered as prescribed in Bureau regulations. A private patrol operator must provide its security guard employees eight hours of annual CE training on security officer skills, which may be repeats courses from the 32-hour training or other applicable security guard training.

The Bureau does not approve the curriculum for each school, facility, or training provider and instead, defines requirements that must be met in statute and regulation, as follows:

- Skills training for security guards and proprietary private security officers requirements are defined by regulation (16 CCR §§ 643 and 645). The outlines provide both mandatory and elective courses and delineate specific topics to be included in each course.
- BPC § 7585 prescribes the general subject areas and activities for the training required to obtain a Bureau firearm permit. Bureau regulations provide a course outline of the specific subjects and activities that must be covered in the training course to obtain and renew a Bureau firearm permit (16 CCR §§ 633 and 635). The Bureau's Firearms Training Manual details the specific course content for the training required to obtain and renew a firearm permit.
- BPC § 7585.9 prescribes the general subject areas and activities for the training required to obtain a Bureau baton permit. The Bureau's Baton Training Manual details the specific course content for the training required to obtain a Bureau baton permit.

Enforcement

The Bureau's Enforcement activities include administrative cite and fine, civil penalties in lieu of revocation, suspension, and revocation. Additionally, multiple practice acts provide for automatic license suspension for security guard registrations (BPC § 7583.21), proprietary private security officers (BPC § 7574.31), alarm agents (BPC § 7596.83), locksmith licenses and locksmith registrations (BPC § 6980.73) when a licensee is convicted of a crime substantially related to the qualifications, functions, and duties of a licensee. Those crimes are defined by the Bureau in the California Code of Regulations, Title 16 (16 CCR) § 602.

The Bureau may also automatically suspend an alarm company operator license, alarm company qualified manager certificate, and alarm agent registrations if a determination is made that holding the license, certificate, registration, or firearms qualification card presents an undue hazard to public safety (BPC § 7591.8).

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

Performance Target Average Cycle Times				
Target	Timeframe	FY 2020/21	FY 2021/22	FY 2022/23
Intake: Time to process complaints from receipt to the date the complaint was assigned to an investigator.	10 days	6 days	3 days	2 days
Intake and Investigation: Time from complaint receipt to closure of the investigation process.	120 days	81 days	87 days	93 days
Formal Discipline: Time to complete the entire enforcement process for cases resulting in formal discipline.	540 days	372 days	378 days	577 days
Probation Intake: Time from Monitor assignment to the date the Monitor makes first contact with the probationer.	14 days	1 day	1 day	4 days
Probation Violation Response: Time from the date probation violation is reported to initiating appropriate action.	14 days	1 day	1 day	1 day

All performance targets, except that for formal discipline, which is not completely within the Bureau’s control, were met. The Bureau worked with its liaison at the Office of the Attorney General (AG) to improve and streamline the case referral process to reduce timelines to initiate formal discipline. These efforts helped reduce overall cycle times for formal discipline.

The number of complaints received by the Bureau and the number of investigations completed has steadily increased over the past four years. While legislative changes since the previous sunset review have had a positive impact on consumer protection, they also contributed to increased complaints.

For example, AB 229 (Holden, Chapter 697, Statutes of 2021) expanded incident reporting requirements for private patrol operators and security guards, mandating that *any* use of force incident be reported to BSIS. Because of the broad nature of this requirement, security guards who worked in hospitals and assisted in patient restraints were required to report each incident.

This change created a significant increase in the number of incident reports submitted to the Bureau in FYs 2021/22 and 2022/23. Incident reports generate complaints, which must be investigated by Bureau staff (the increase is also reflected in the increase to complaints received from licensee/professional groups in the below table). The Bureau worked with industry members to streamline the submission process for these incident reports to make the process efficient and ensure the increased volume did not create backlogs and impact investigation cycle times.

Enforcement Statistics			
	FY 2020/21	FY 2021/22	FY 2022/23
COMPLAINTS			
Intake			
Received	2,822	3,722	3,286
Closed without Referral for Investigation	396	431	556
Referred to INV	2,813	3,342	2,732
Pending (close of FY)	16	28	23
Conviction / Arrest			
CONV Received	20,820	24,335	23,809
CONV Closed Without Referral for Investigation	17,371	19,639	19,769
CONV Referred to INV	3,449	4,696	4,040
CONV Pending (close of FY)	45	57	107
Source of Complaint			

Public	734	819	1,039
Licensee/Professional Groups	154	679	649
Governmental Agencies	3,546	4,734	4,059
Internal	1,659	1,953	1,060
Other	17,305	19,643	19,943
Anonymous	244	279	345
Average Time to Refer for Investigation (from receipt of complaint / conviction to referral for investigation)	6	3	2
Average Time to Closure (from receipt of complaint / conviction to closure at intake)	2	3	4
Average Time at Intake (from receipt of complaint / conviction to closure at intake)	7	3	3

* Table excerpt taken from the Bureau’s 2023 [Sunset Review Report](#). The full table can be found on pages 65-66.

Additionally, the Bureau took several steps to improve business operations and meet CPEI goals. In 2016, staff from the Department’s Complaint Resolution Program were redirected to BSIS, increasing the size of the Bureau’s Enforcement Unit. After evaluating business needs and staff resources, the Bureau split the unit in 2019, creating the Complaint Intake/Complaint Resolution Unit under the direction of a Staff Services Manager I. The unit implemented a more robust complaint intake process, which significantly reduced complaint intake times and created a complaint resolution program specific to BSIS. Complaint resolution staff work with consumers and licensees to mediate consumer complaints and make referrals to the Bureau’s Enforcement Unit when appropriate.

The number of cases referred to the AG has declined sharply from 471 in FY 2020/21 to 91 in FY 2022/23 and the difference in cases is attributed to the reduction in SOIs filed as a result of a new firearm qualifications card process that requires candidates to pass the assessment *before* applying.

Prior to SB 607 (Min, Chapter 367, Statutes of 2021), which requires a firearm permit applicant to pass the required assessment before submitting their application to the Bureau, applicants who did not pass the assessment and were denied a permit were able to appeal. These appeals were disposed of quickly, which created an artificially low time from referral to accusation.

Because the applicant knows they will not qualify before applying, there are fewer denials, which result in fewer appeals, and fewer SOIs that need to be filed. The SOIs filed decreased by 376 when comparing these fiscal years, while the difference in cases filed is 380, i.e. reduced SOIs account for 99% of the drop in AG case filings.

Additionally, the number of accusations filed has declined slightly when comparing FY 2020/21 to FY 2022/23, yet the average days from referral to accusation has more than doubled from 71 days to 163 days. The Bureau attributes the increase to data more accurately reflecting the time to accusation once the permit denial appeals (and the quick turnarounds) were significantly reduced from AG workload. Consequently, the Bureau reports no concerns with the increased time from referral to accusations filed.

The Bureau follows the *Complaint Prioritization & Referral Guidelines for DCA Agencies*, which establishes criteria for cases that should be investigated by the Bureau and those that should be referred to the Department’s Division of Investigation (DOI).

The Bureau prioritizes cases with the highest potential for public harm, such as cases involving use of force, fraud and dishonesty, unlicensed activities, and illegal or unethical behavior. Because of the high volume of unlicensed activity complaints (averaging about 373 per year), the Bureau utilizes the *Guidelines* to assist in

triaging complaints to determine which can be investigated by Bureau staff and which should be handled by DOI.

There are several mandatory reporting requirements, which inform the Bureau of incidents concerning public safety that occur among its regulated populations while carrying out their duties. Specifically:

- Security guard registrants (through the employing private patrol operator licensees) are required to file an incident report within seven days of any incident involving the discharge of a firearm while on duty (BPC § 7583.4).
- Private patrol operator licensees are also required to file an incident report with the Bureau within seven days anytime a security guard is involved in a physical altercation with a member of the public while on duty (BPC § 7583.2).
- Repossessor agencies are required to file an incident report with the Bureau when an act of violence occurs involving a licensee or one of its registrants that requires law enforcement to respond (BPC § 7507.6).
- An alarm company operator licensees are required to file a report within seven days of any violent incident involving a deadly weapon, including the discharge of a firearm involving the licensee or the licensee's alarm agent employee (BPC § 7599.42).

Bureau licensees/registrants are also subject to civil judgement reporting requirements, although these are rarely received:

- Repossessor agency licensees are required to notify the Bureau of a final civil court judgment filed against the licensee or any officer, partner, qualified certificate holder, or registrant of a licensee, for an amount of more than the then prevailing small claims maximum pertaining to an act done within the course and scope of his or her employment or contract (BPC § 7507.7).
- Alarm company operators must notify the Bureau when it receives a final civil judgment order filed against the licensee or its employee for an amount greater than \$500.00 (BPC § 7599.43).

Incidents are self-reported so it is unknown how many incidents meeting the reporting criteria are not reported to the Bureau. However, if an incident rises to the level of a licensee/QM/registant being arrested, the Bureau would receive a subsequent arrest report from the DOJ.

The Bureau frequently uses cite and fine authority to encourage compliance with the six practice acts and implementing regulations the Bureau administers. Citations enhance administrative actions when warranted for the purposes of promoting a fair industry for all licensees and to protect consumers from fraudulent, harmful, or illegal practices. Citations are issued for less egregious violations when the primary intent is to encourage compliance as opposed to pursuing actions to revoke or suspend licensure.

The five most common violations for which the Bureau issued citations across all practice acts between July 1, 2019, and June 30, 2023 were: 1) unlicensed activity (210 citations), 2) unprofessional conduct (108), 3) administrative/technical violations, such as advertising violations, badge and patch violations, or failure to notify the Bureau of changes in address or corporate officers (88), 4) technical requirements, such as failing to maintain employee records or failing to submit incident reports (58), and 5) weapons violations (49).

Citations may include fines that are issued up to the maximum amount authorized by the specific statute and the Bureau's regulations. In FY 2020/21, the Bureau issued 108 citations totaling \$299,900 in fines; in FY 2021/22, the Bureau issued 90 citations totaling \$244,900; and in FY 2022/23, the Bureau issued 122 citations totaling \$323,800 in fines. The average fine amount is approximately \$2,482 pre-appeal and \$2,232 post-appeal.

The Bureau contacts the debtor via three collection letters sent 30 days apart. If these letters do not result in payment or contact to establish a payment plan, the Bureau initiates the Franchise Tax Board (FTB) intercept process, which it began using in 2012. Any money intercepted from an FTB intercept is forwarded to the PSS Fund. If a payment is received by the Bureau directly from a debtor on an existing FTB account, the proactively notifies the Department so the FTB account can be updated.

Disciplinary Review Committees (DRCs)

The Bureau has five DRCs, which provide applicants and licensees a path to appeal Bureau license denials, suspensions, and Bureau assessed administrative fine(s) that is an option separate from a formal appeal (Administrative Procedure Act (Government Code 11500, et. sec)) or an informal citation conference with the Bureau Chief or a designee (16 CCR § 601.8).

The Alarm Company Act, the Collateral Recovery Act, and the Private Investigator Act each establish one DRC, and the Private Security Services Act establishes two DRCs, one in Northern California and one in Southern California. By comparison, the majority of appeals are requested through the DRCs:

Citation Appeals				
	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23
Informal Citation Conference with Bureau Chief per 16 CCR § 601.10				
Informal Citation Conference	2	9	4	9
Disciplinary Review Committee Appeals: Citation/Fine				
Private Security DRC	3	5	17	1
Alarm DRC	0	2	0	0
Collateral Recovery DRC	1	3	0	0
Private Investigator DRC	0	0	1	0
Administrative Procedure Act Appeals through the Office of Administrative Hearings				
APA Citation/Fine Appeals	2	7	5	4

From July 1, 2019 through June 30, 2023, the Bureau issued 210 unlicensed activity citations, which is almost a 290% increase from the preceding four years. The Bureau’s Enforcement Unit has historically been comprised of AGPAs, which has limited the Bureau’s ability to actively investigate unlicensed activity in the field, without the use of the DOI. Private security makes up the vast majority of BSIS investigations and complaints and those who engage in unlicensed private security activity often do so at night and on weekends.

The high volume of unlicensed activity complaints and the immediacy required to catch people in the act prompted the Bureau to reclassify an AGPA position to a Special Investigator (SI) (non-sworn). By 2021, the Bureau had hired two Sis who spend most of their time in the field investigating licensees and following unlicensed activity leads.

Additionally, the SIs participate in sweeps with local law enforcement and other government agencies with jurisdictions that lend to coordinated operations, such as the Department of Cannabis Control and Alcoholic Beverage Control, whose licensees often have on-site security. Having SIs in the field following up on leads timely and working with other government agencies has enabled the Bureau to be more proactive in combating unlicensed activity.

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, which the Deputy Attorney General (DAG) requests in the administrative hearing process. 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 intercept process.

If a license is revoked and the revocation is stayed and probation ordered, cost recovery is usually included as a term of probation. The Bureau is generally successful in collecting cost recovery from licensees who are on probation. Over the last three years, the Bureau collected an average of 47% of the cost recovery ordered. Although the Bureau has had success utilizing the FTB intercept to increase collection rates for revocations, it is looking into using collection agencies in instances where a license is revoked and cost recovery is ordered.

Cost Recovery (list dollars in thousands)				
	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23
Total Enforcement Expenditures	\$5.7	\$6.6	\$5.8	\$4.5
Potential Cases for Recovery *	16	19	31	15
Cases Recovery Ordered	5	6	2	9
Amount of Cost Recovery Ordered	\$23.7	\$28.8	\$5.8	\$38.1
Amount Collected	\$65.9	\$18.8	\$5.9	\$9.9

The Bureau does not have a formal restitution policy. 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.

Restitution/Cost Savings to Consumers (list dollars in thousands)				
	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23
Amount Ordered	0	0	0	0
Amount Refunded for Consumers	\$25.6	\$26.2	\$10.1	\$19.3
Rework at No Charge	\$1.8	\$2.3	\$2.7	\$7.5
Adjustments in Money Owed/ Product Returned/ Exchanged	\$163.9	\$42.4	\$49.6	\$69.4
Amount Collected	\$191.2	\$70.9	\$62.6	\$96.2

An administrative law judge may order a licensee to pay restitution to the armed consumer as a condition of probation or part of the order; however, the Bureau is not involved in the collection of restitution unless restitution is part of a probation requirement. In those cases, the Bureau monitors the activity for determination on whether all the terms of probation have been satisfied.

Public Information

The Bureau's website, <https://bsis.ca.gov>, provides a variety of information of interest to consumers, industry members, and the public. The website features links to the Bureau's laws and regulations, forms and publications, online license verification, disciplinary actions against licensees, and other Bureau activities. The website includes a feature on which individuals can subscribe to the Bureau's interested parties list to receive important information from the Bureau through an email notification.

The Bureau's website includes DRC agendas, but does not post minutes as they involve disciplinary actions taken in closed session. The Bureau posts draft minutes for its Advisory Committee meetings as part of the agenda materials for the meeting during which the minutes will be adopted. The meeting minutes remain on the website indefinitely; however, older meeting agenda information is archived by year. The Bureau also includes on its website webcast archives of the Advisory Committee meetings if they were virtual, and this information is also archived by year.

The Bureau provides consumers access to information about its licensees via the DCA License Search. Each licensee record reflects the licensee name or business name, license type and status, address for businesses, issuance date, expiration date, information regarding the owners of certain businesses, and if the license has been subject to disciplinary action, including public documents. Upon written or verbal request from a public member, the Bureau provides information contained in the licensee's file that may be disclosed pursuant to the Public Records Act.

The Bureau also provides streamlined application processing when large scale security events occur. In 2022, the city of Los Angeles hosted the Super Bowl. To prepare for the large number of guards needed at such an event, the Bureau set up an expedited licensing process for the weeks leading up to the event. The Bureau also set up an expedited process for guards during the COVID-19 emergency, as private security was deemed an essential industry.

Bureau Actions and Responses to COVID-19

Governor Newsom designated private security workers as essential workers, requiring the Bureau to continue to issue licenses and take appropriate enforcement action during the state of emergency. None of the Bureau's other professions were deemed essential.

Security Guards

During the pandemic, security guards were in high demand, especially at health-provider sites, where they were utilized to triage patients coming to the facility. The Bureau implemented a voluntary, temporary process aimed at expediting security guard licenses for hospitals and health care clinics/centers. The Bureau's licensing unit received information on guard applicants assigned to health facilities and was able to process most applications and issue licenses within 24 hours, while maintaining the same rigorous background check standards. This process remained in place for the first 120 days of the declared emergency, at which time the demand for health facility-based guards began to decline. The Bureau stopped expediting these applications on June 30, 2020.

This was a temporary measure, as expediting guard cards is a labor-intensive process. Bureau staff remain ready to implement this process again if there is an additional state of emergency declaration.

Firearm Qualifications Card Renewals

Governor Newsom also signed executive order, N-40-20, allowing the Department's Director to exercise discretion in waiving certain continuing education requirements. Because of the difficulty in finding an open, Bureau-approved firing range during the pandemic, the Director recognized that the four bi-annual firing range re-qualifications were posing a nearly insurmountable hurdle in maintaining and obtaining a firearms permit from the Bureau, especially as private security was named an essential profession by the Governor. Therefore, a temporary, 60-day waiver granting the Bureau's armed licensees to skip one of four bi-annual firearm range re-qualifications was issued.

In the event of a future State of Emergency Declaration, the Bureau has not identified any additional changes that would be needed.

PRIOR SUNSET REVIEW: CHANGES AND IMPROVEMENTS

The Bureau was last reviewed by the Legislature through sunset review in 2018-2019. In January 2024, the Bureau submitted its required sunset report to the Senate Committee on Business, Professions, and Economic Development and Assembly Committee on Business and Professions (Committees). In this report, the Bureau described actions it has taken since its prior review to address the recommendations made. The following are some of the more important programmatic and operational changes, enhancements and other important policy decisions or regulatory changes made. For those which were not addressed and which may still be of concern to the Bureau, they are addressed and more fully discussed under “Current Sunset Review Issues.”

- **Applications are online.** In its 2019 response to the Legislature, the Bureau stated it pulled multiple license types from BreEZe because of significant error rates by applicants incorrectly filling out the forms. Since that time, the Bureau worked with DCA’s Office of Information Services (OIS) to immediately flag errors made by applicants as the errors occurred, e.g. instructions in pop-up “stop signs” notified the applicant what paperwork must be uploaded. After adding the user notifications, the Bureau was able put two of the most utilized applications – the initial firearms application and the firearms renewal application – back online in October 2019 and January 2020, respectively.
- **Funds have been merged.** The Bureau contracted with CPS HR Consulting to conduct an independent Private Investigator Fee Audit, (https://www.bsis.ca.gov/about_us/pifeereviewfinalreport.pdf), which recommended considering combining the PSS Fund and PI Fund. This recommendation was based on a cross-funding issue and the inconsistent PI Fund revenue stream caused by fluctuations in the small licensing population. Effective in FY 2019/20, SB 609 (Glazer, Chapter 377, Statutes of 2019) combined the PI Fund with the PSS Fund and raised application and licensure fees for private investigators consistent with findings of the fee audit. Combining funds has eliminated significant workload required to administer two funds and allows the Bureau to redirect staff to address workload spikes without cross-funding concerns.
- **Baton permitting structure has improved.** AB 2515 (Holden, Chapter 287, Statutes of 2022) revised the Bureau’s system for issuing baton permits, effective January 1, 2024. The Bureau now issues baton permits to applicants directly and requires a permit to be renewed on a 2-year cycle, subject to continuing education requirements. Previously, the Bureau sold permits to baton training facilities, which then issued the permits to individuals as a lifetime permit, not subject to expiration or continuing education, and sent the issuance information to the Bureau for its files. Making these permits renewable, requiring continuing education, and having the Bureau issue the permits all increase the consumer protection mission of the Bureau.
- **Readiness assessment improvements have been undertaken.** Employing appropriate judgment, restraint, and self-control relative to the use of a firearm is integral for anyone who carries and uses a firearm in public settings, which is what the assessment is designed to evaluate. However, as originally established by SB 1196 (Hill, Chapter 800, Statutes of 2016), the Bureau was required to deny a firearm permit application if an applicant failed the assessment. This process also allowed applicants to appeal the denial of the application, but the law did not allow the Bureau to issue a firearm permit even if the applicant was successful in their appeal, leading to hundreds of cases going to the AG and costing the Bureau \$3 million per year, an unsustainable expense that required supplemental appropriations from the Legislature.

SB 607 (Min, Chapter 367, Statutes of 2021) amended the assessment requirement to make successfully passing the assessment a precondition to licensure. The applicant must now pass the assessment prior to applying to the Bureau for a firearms permit. This change has significantly reduced the overall number of permit denial appeals to the AG from 471 cases to in FY 2020/21 to 90 cases in FY 2022/23.

- **New leadership is in place.** Bureau Chief Lynne Jensen was appointed on April 16, 2019 and BSIS created an Assistant Bureau Chief position and appointed Samuel Stodolski in spring 2023 to address the ongoing complex and critical workload of the Bureau.
- **BSIS has responded to legislation and adopted necessary regulations.** A number of bills have impacted BSIS operations. BSIS has responded to legislation and implemented necessary provisions of recent bills. BSIS adopted regulations to implement AB 229 (Holden, Chapter 697, Statutes of 2021), which made significant changes to the private security training standards, including expanding power to arrest training to include appropriate use of force topics. The implementing regulations were posted in June 2023 and approved and effective December 1, 2023. BSIS also implemented regulations to increase PI fees; to define criteria for what constitutes a substantial relationship for determining the rehabilitation of applicants; and to define a course of firearm training and skills training.
- **A new strategic plan is in place.** BSIS adopted a 2022-2026 Strategic Plan in June 2023, which identifies strategies for enhancing the Bureau's core regulatory functions of licensing and enforcement as well as stakeholder outreach and employee satisfaction.
- **Staffing improvements have been made.** BSIS reduced its staff vacancy rate from 27% in June 2023 to 7.8% as of March 3, 2024 and also created two Special Investigator positions to enforce unlicensed activity, which typically occurs after hours among the Bureau's regulated industries.

CURRENT SUNSET REVIEW ISSUES

The following are unresolved issues pertaining to the Bureau or areas of concern that should be considered, along with background information for each issue. There are also recommendations Bureau staff have made regarding particular issues or problem areas the Bureau needs to address. The Bureau and other interested parties have been provided with this Background Paper and the Bureau will respond to the issues presented and the recommendations of staff.

BUREAU ADMINISTRATION AND BUDGET ISSUES

ISSUE #1: (FUND CONDITION) Does the Bureau have enough resources to remain solvent for the foreseeable future?

Background: SB 609 (Glazer, Chapter 377, Statutes of 2019) merged the Bureau's existing funds – the Private Investigator (PI) Fund and the Private Security Services (PSS) Fund – into one fund. Beginning FY 2020/21, the PI Fund was deposited into the Bureau PSS Fund (with a small amount remaining for committed encumbrances for the PI Fund). Combining the funds was complete at of FY 2023/24.

SB 609 also increased the following fees authorized by the Private Investigator Act: 1) private investigator original license and examination fee; 2) original branch office certificate application fee, 3) original private investigator fee, 4) private investigator license renewal fee, 5) branch certificate renewal fee, and 6) assignment of private investigator license fee. These fees were increased based on recommendations made in an independent fee audit conducted by CPS HR, which used the workload costs associated with processing an applications in its methodology.

While the Private Investigator fees were increased, the Bureau's remaining fees were not. The Bureau's fund is currently projected to have 1.4 months in reserves by FY 2024/25 (the Bureau's fund condition is included in this Background Paper on page 8). The Bureau states that without any fee increases, a deficit is expected to occur in the PSS Fund by FY 2025/26. The Bureau is currently drafting regulations to increase all fees to the statutory level authorized in the practice acts, however, at this time the effective date for those regulations is unknown. The Bureau expects to have these regulations submitted to the Office of Administrative Law by the end of the calendar year 2024.

Staff Recommendation: *The Bureau should inform the Committees of which fees it is considering increasing and specifically, whether Private Investigator fees are included. Additionally, the Bureau should advise the Committees of the projected fund condition should fees be increased to the statutory maximums. Finally, the Bureau should advise the Committees of whether the planned increase would sustain Bureau operations or whether another increase would be necessary in the next four years.*

ISSUE #2: (PROPRIETARY SECURITY SERVICES ACT EXEMPTIONS) Are the Extensive Exemptions from Licensure Appropriate and Allow for Effective Regulation of the Profession?

Background: The Proprietary Security Services Act regulates proprietary private security employers (employers) and proprietary security officers (officers). An employer is a person (or company) who has one or more employees who provide security services for the employer and only for the employer. An officer is employed exclusively by any one employer whose primary duty is to provide security services for his or her employer, whose services are not contracted to any other entity or person.

The Proprietary Security Services Act, which regulates employers and officers includes 17 exemptions from licensure (BPC § 7574.14) that include attorneys, collection agencies, insurance adjusters, motion picture studios, among others. Exemptions also include federal and state employees under certain circumstances. The license population consists of 630 proprietary private security employers and 7,896 registered security officers, which is a fraction of the license population under the Bureau’s administered Private Security Services Act.

The Act was originally enacted by SB 741 (Maldonado, Chapter 741, Statutes of 2009), which included the exemptions from licensure. BPC § 7474.14 has been amended several times, but not concerning existing exemptions.

Staff Recommendation: *The Bureau should advise the Committees of whether the exemptions from licensure and registration are still valid or appropriate. Further, the Bureau should discuss how exemptions impact its ability to adequately regulate the profession. The Bureau should also inform the Committees of whether there should be additional exemptions.*

BUREAU LICENSING ISSUES

ISSUE #3: (LICENSES ISSUED TO LLCs) Are sunset dates for the provisions authorizing alarm companies and private investigators formed as LLCs to become licensed still necessary?

Background: The California Revised Uniform Limited Liability Company Act (Corporations Code § 17701.04 (b)) allows a business that is required to be licensed under the Business and Professions Code to form as an limited liability company (LLC), so long as the practice act specifically authorizes its licensees to form as an LLC.

SB 1077 (Price, Chapter 291, Statutes of 2012) authorized licensees under the Alarm Company Act to be formed as a limited liability company, provided certain conditions are met, including obtaining liability insurance valued at \$1 million to \$5 million depending on company size (BPC § 7599.3). At the time SB 1077 was implemented, it included a sunset date of January 1, 2016. Subsequent to that bill, the authorization for the Bureau to issue a license to an alarm company formed as an LLC was extended three times as follows:

- SB 177 (Wieckowski, Chapter 140, Statutes of 2015) extended the provisions to January 1, 2019.
- SB 904 (Wieckowski, Chapter 406, Statutes of 2018) extended the provisions to January 1, 2024.
- SB 1143 (Roth, Chapter 625, Statutes of 2022) extended the provisions to January 1, 2025.

This authorization is up for consideration during the sunset review process to be extended again in the Bureau’s sunset extension bill.

AB 1608 (Olsen, Chapter 669, Statutes of 2014) enacted similar permission for Private Investigators that are formed as LLCs to obtain a Bureau license as long requirements similar to alarm companies are met, including obtaining liability insurance (BPC § 7520.3). Because the Private Investigator provisions contained sunset dates, expiring effective January 1, 2018, there were three extensions to the Bureau’s authority to issue a license to a PI formed as an LLC:

- SB 559 (Morrell, Chapter 569, Statutes of 207) extended to January 1, 2021.
- SB 1474 (Committee on Business, Professions and Economic Development, Chapter 312, Statutes of 2020) extended the authority to January 1, 2024.
- SB 1143 (Roth, Chapter 625, Statutes of 2022) extended January 1, 2025.

The authority in the Alarm Company Act and the Private Investigator Act contain sunset provisions because the Legislature determined, at the time, that the authorization would need to be reviewed to determine if licensure as an LLC posed any specific problems. The Senate Committee on Judiciary, which recommended the sunset dates stated in its analysis of SB 1077, “historic concerns with adding a licensed profession to the list of authorized LLPs and LLCs in this state are substantially similar and necessitate that information, including claims information and other relevant data, be provided to this Committee to both demonstrate the appropriateness and need for LLC or LLP status, and to provide the evidence relevant to the issue of adequacy of insurance levels. Insurance and sunset requirements have been vital components in the ability of this Legislature to strike a balance between allowing professional licensed service providers to operate in a mode offering tax and liability-limiting advantages and preserving, to an appropriate degree, the ability of a party injured by professional negligence to recover damages for that injury.”

Since that time, SB 904 requires alarm company LLCs, and SB 559 requires private investigator LLCs, to report any claim data to the Bureau on an annual basis, which the Bureau is then to report to the Legislature. Over the last ten years, the Bureau has not become aware of any major issues arising as a result of these companies being licensed as LLCs and the companies licensed as LLCs have not created any consumer protection issues the Bureau is aware of and the claims reporting has been minimal over the past several years. In fact, the Bureau reports in the past five years, the Bureau has not had any LLCs report paying out any claims.

The authority in both practice acts are set to expire January 1, 2025, which requires the Committees to consider extending this authority once again. The Committees may want to consider whether there are considerable consumer protection issues resulting from issuing licenses to alarm company and private investigator LLCs that justify continuing to review and extend these provisions at regular intervals.

Staff Recommendation: *The Bureau should report to the Committees the number of reported claims against alarm company operator and private investigator LLC licensees’ liability insurance it has received since. The Bureau should also advise the Committees of the consumer protection value provided by continuing to include a sunset date on these provisions.*

ISSUE #4: (SECURITY GUARD TRAINING REQUIREMENTS) Are current security guard training requirements rigorous enough to be effective in reducing inappropriate use of force and protecting the public from unnecessary violent incidents involving security guards?

Background: BPC § 7583.6 requires any applicant for a security guard registration to complete an eight-hour course in the exercise of powers to arrest and the appropriate use of force. Within six months of obtaining a Bureau registration, the security guard applicant must complete an additional 32 hours of security guard skills training, for a total of 40 hours of training. Security guards who are to be armed are required to apply for a firearms permit and undergo an additional 12 hours of training and complete qualifications before the Bureau will issue a permit.

The Bureau has seen an increase in demand for security guards to be proactive in preventative measures, as opposed to just observing and reporting, as evidenced by the increase in applications for firearm and baton permits. Table 6, Licensee Population, on pages 37 through 41 of the Bureau’s 2023 [Sunset Review Report](#) shows and increasing permit population for each type:

BSIS Active Weapons Permit Population			
Permit Type	FY 2019/20	FY 2022/23	Difference
Baton	34,718	36,717	+1,999

Firearm	37,458	41,299	+3,841
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The Bureau’s mission is to protect and serve the public and consumers through effective regulatory oversight. Therefore, the Bureau is obligated to continuously review its training standards to determine effectiveness and appropriateness of the training standards to meet its mission. Based on the increasing number of security guards who are armed, which in turn, increases the likelihood of a public safety incident, the Bureau proposed increasing the security guard skills training from 40 hours to 80 hours to include additional training on security guard conduct and misconduct, civil and criminal liability, appropriate use of force methods and in-depth de-escalation techniques.

Bureau States Need to Address Evolving Industry

The private security industry has shown interest in incorporating additional forms of less than lethal weaponry for security guards. While the Bureau has statutorily mandated training standards and licenses for guards to carry firearms and batons, there are no specific training requirements or licensing requirements for chemical agents (pepper spray), kinetic energy weapons (rubber bullets or bean bags), or electronic control devices (stun guns or tasers).

The Bureau reports that 13% of security guards carry a firearm, but firearms are only involved in approximately 9% of incidents reported to and investigated by the Bureau. As much as 13% of incident reports involve other weapons, including chemical agents, kinetic energy weapons, or electronic control devices. However, an absence of training standards and licensing requirements on these additional weapons limits the Bureau’s enforcement options action against a security company for misuse or abuse of these weapons.

Recent Changes to Training and Licensure Requirements

There have been many recent changes to registration requirements, as well as firearm and baton permit requirements, intended to improve public safety concerning weapon use by security guards:

- AB 229 (Holden, Chapter 697, Statutes of 2021) recognized that untrained or poorly trained guards may pose a risk to the community at large and mandated further training that will assist guards in recognizing mental illness and emphasize de-escalation.

The Bureau submitted a rulemaking proposal to implement AB 229 that would update the initial training for security guards and the firearms training for applicants seeking a Bureau-issued firearms permit. The regulations expand the training in the carrying and use of firearms to include appropriate use of force topics and address topics such as cultural competency, diversity, disabilities, behavioral health issues, and mental illness. These regulations were effective on December 1, 2023.

- AB 830 (Flora, Chapter 376, Statutes of 2021) prohibits a Bureau-certified firearms training instructor from certifying their own firearms permit application requirements.
- AB 2515 (Holden, Chapter 257, Statutes of 2022) requires baton permits to be issued by the Bureau instead of baton training facilities, giving the Bureau control over permit approval and issuance, effective January 1, 2024. This bill also requires permits to be renewed, and as a condition of renewal, requires a refresher course of training.

These new requirements are currently being implemented by the Bureau and training providers.

Staff Recommendation: *The Bureau should discuss the potential impact of the proposed training requirements on training providers and applicants. For example, are training facilities equipped to begin providing the training in light of the recent changes to training requirements? Additionally, would an*

increase to training requirements increase unlicensed activity or create a disincentive from hiring security guards that could disproportionately impact entry level employees? The Bureau should also provide the Committees with information regarding the benefits to public safety realized by the recent changes to training and permit requirements.

ISSUE #5: (EXAMINATION PASS RATES) Why are Bureau examination pass rates low and/or decreasing over time?

Background: The Bureau requires QMs of a repossession agency, private investigator, alarm company, and private patrol operator applicant to take and pass an examination to establish they possess the knowledge to qualify the license. The exams are developed by the Department's Office of Professional Examination Services and OAs are conducted every 5-7 years as required by BPC § 139 and the OAs appear to be conducted regularly and on time.

Based on those OAs, each 100 question, multiple-choice examination evaluates the candidate's knowledge of the following duties required, at a minimum, to successfully operate as a licensee:

- Alarm Company Operator QM examination consists of questions focused on performing consultations, installations, service and repairs, management, monitoring, and false alarms.
- Private Patrol Operator QM examination consists of questions focused on performing security services, management of records, employees, legal requirements, business administration, supervision, service agreements, screening, and training.
- Private Investigator QM examination consists of questions focused on performing planning, information gathering, surveillance, analysis, reporting, trial preparation, and ethics.
- Repossession Agency QM examination consists of questions focused on performing management duties, processing reports, release and disposal, and the statutory and regulatory requirements when carrying out repossession activities.

Examination data is contained in Table 8 on page 18 of this background paper or on pages 51-53 of the Bureau's 2023 [Sunset Review Report](#). The Notable statistics include:

- The Alarm Company Operator QM pass rates significantly declined over the past four fiscal years. In FY 2019/20, the overall pass rate was 86%, but by FY 2022/23, the pass rate fell to 49% (with a low of 38% in FY 2021/22). During that same time, the number of candidates doubled from 42 to 84.
- Private Patrol Operator QM examination candidates increased during the reporting period from 411 to 596 (45%), but pass rates remained consistently low, ranging from a 42% to 49%.
- Repossessor QM pass rates have fluctuated wildly from year to year. In FY 2019/20, the pass rate was 67%, increased to 75% in FY 2020/21, decreased to 67% in FY 2021/22, and fell to 44% in FY 2022/23.

The Private Investigator QM examination pass rate is higher than the other exams, with a high of 72% in FY 2019/20. Although the pass rate marked a low of 61% in the following year, the most current pass rates are trending upwards.

The Bureau contracts with a private testing service, PSI Services LLC, to administer computer-based examinations, while paper and pencil tests are available to candidates who require special accommodations. However, for applicants whose primary language is not English, the Bureau reports it does not offer an exam in any other language. The Bureau did not indicate whether translation services are available at the test centers or whether the candidate can provide their own translator. The Bureau’s website includes a study guide page: <https://www.bsis.ca.gov/exams/index.shtml>, which are only published in English.

Staff Recommendation: *The Bureau should inform the Committees on causes of the low pass rates and efforts to improve them in general. In addition, the Bureau should advise the Committees on whether offering the examination in languages other than English would improve pass rates for each exam. Finally, the Bureau should provide the Committees of any potential impediments to allowing examinations to be taken with translation services, to launch translated study guides, and/or offer translated examinations.*

ISSUE #6: (ISSUING LICENSES TO TRIBES) Should the Bureau be authorized to issue licenses to tribes and tribally-owned businesses?

Background: Tribal governments are distinct political entities that have the right to exercise sovereignty concerning their members and territories. Tribes and states have adjacent jurisdictions and some of California’s tribes’ territories cross state borders. After multiple tribes applied for licensure with the Bureau to perform the scope of a licensee while outside tribal or federal boundaries, the Bureau found that current law does not provide a pathway for a federally recognized tribe seeking to operate as a registered proprietary private security employer under the Proprietary Security Services Act or as a licensed private patrol operator under the Private Security Services Act. There are two primary obstacles – lack of recognition of a tribal government or its businesses as a potential licensee and a requirement to be in good standing with the Secretary of State.

Unlike many other license types in California, which are issued to the individual, (e.g., a nurse, veterinarian, physician and surgeon, funeral director, or cosmetologist), in the case of a proprietary private security employer or a private patrol operator, the registration or license is issued to the business. The Proprietary Security Services Act and the Private Security Services Act each define a “person,” to whom a license or registration may be issued as a variety of business types that include individual owners, firms, companies, associations, organizations, partnerships, and corporations (BPC §§ 7574.01 and 7580.3).

Because tribes are sovereign governments, they have rights to self-governance that an individual (sole proprietor), firm, company, partnership, or corporation does not possess. Because of a tribe’s status as a sovereign government, a tribe is also not an association or organization. As a result, the Bureau is unable to issue a registration or license to tribal businesses.

Tribes often pursue economic development initiatives by operating for-profit businesses to provide vital services to, and create job opportunities for, its members. These businesses can, but are not required to, register their businesses with the Secretary of State as foreign corporations. A tribe may also form a corporation as a tribally chartered corporation under tribal law or as a federally chartered corporation under Section 17 of the Indian Reorganization Act. Tribes have the right to choose which business form is best for their businesses. However, AB 830 (Flora, Chapter 376, Statutes of 2021) established remaining in good standing with the Secretary of State as a condition of registration or license maintenance (BPC §§ 7574.36 and 7587.11).

Other boards and bureaus share similar challenges associated with issuing licenses to tribal businesses including the Bureau of Automotive Repair, the Structural Pest Control Board, and the Contractors State License Board, which recommended in its 2023 [Sunset Review Report](#) to address this issue to expand business opportunities

and reduce licensure barriers for California’s 109 federally recognized tribes conducting business operations outside of its tribal boundaries.

Staff Recommendation: *The Bureau should advise the Committees on any concerns regarding licensing tribes and/or tribally owned businesses that are tribally chartered or federally chartered. The Bureau should specify whether good standing with the Secretary of State is a necessary requirement for tribes and their companies as a condition of licensure. The Bureau should also advise the Committees of other potential barriers to licensure for tribes for each of its practice acts.*

ISSUE #7: (FIREARM PERMIT RENEWALS) Is the current firearm permit renewal process necessary to enable the Bureau to meet its public safety obligations?

Background: In the Bureau’s 2018 [Sunset Review Report](#), the Bureau cited the DOJ firearms qualification applicant form as a direct cause of delays in the firearms permit renewal process. In its 2023 [Sunset Review Report](#), the Bureau again cited this same process as continuing to create delays in the firearm permit renewal process.

Firearm Permit Application and Continued Screening

Any Private Patrol Operator or Alarm Company Operator applicant is required to submit fingerprints to the Department of Justice for the purpose of a Federal Bureau of Investigation background check (BPC §§ 7583.9 and 7593.1) when applying for the initial registration or license. Background checks during the initial application process allow the Bureau to make an immediate determination of fitness when a registrant or licensee subsequently applies for a firearm qualification card. These determinations are based on DOJ notification of a substantially related criminal conviction during the application process or upon notification of a subsequent arrest record.

In addition to substantially related criminal offenses, current law prevents the Bureau from issuing a firearm permit if the applicant is prohibited from possessing, receiving, owning, or purchasing a firearm under state or federal law (BPC §§ 7583.24 and 7596.8). The DOJ verifies the applicant’s eligibility to possess, receive, purchase, or own a firearm during the initial firearm permit application process, a process that continues throughout the lifetime of the permit. If notified by the DOJ that a current permitholder is prohibited from possessing, receiving, purchasing, or owning a firearm, the Bureau is required to automatically revoke an active permit upon notification (BPC §§ 7583.27 and 7596.83). Additionally, the Bureau is prohibited from renewing a permit upon notification from the DOJ (BPC §§ 7583.25 and 7596.81).

Firearm Permit Renewal Process

Current law requires that a firearms permit cannot be renewed until the Bureau receives notification from the DOJ that the permitholder is not prohibited from possessing a firearm (BPC §§ 7583.25 and 7596.81). The permitholder completes and submits a DOJ Firearms Qualification Applicant Form with the Bureau’s Firearms Permit Renewal Application. Bureau staff forwards the Firearms Qualification Applicant Form via U.S. Mail to the DOJ to research whether the permitholder has undergone a triggering event in another state, or due to federal law, that would prohibit them from possessing a firearm. The law requires the DOJ to provide the Bureau a response within 30 days of receipt. However, the Bureau reports this turnaround time often is not feasible and this step in the renewal process can cause delays.

The Bureau already receives notification from the DOJ when there is a change in the permit holder’s eligibility to possess, receive, purchase, or own a firearm and because the Bureau is prohibited from renewing a firearms permit and is required to revoke a firearms permit upon notification from the DOJ of an applicant’s/permit

holder's eligibility status, requiring the DOJ to re-approve all permit holders at the time of renewal may be redundant and cause unwarranted delays.

Staff Recommendation: *The Bureau should inform the Committees of the impact the current process has on timely firearm permit renewals. Have any permits have gone delinquent while waiting for approval from the DOJ? Does the Bureau anticipate any public safety issues if the DOJ approval step was not required?*

BUREAU ENFORCEMENT ISSUES

ISSUE #8: (UNLICENSED ACTIVITY ENFORCEMENT) Does the Bureau have sufficient resources to effectively enforce its practice act considering the unusual circumstances in which its regulated industries perform work?

Background: The Bureau prioritizes cases with the highest potential for public harm and allocates its limited enforcement resources to cases involving use of force, fraud and dishonesty, unlicensed activity, and illegal or unethical behavior are addressed appropriately and timely. The Bureau may also refer the most egregious cases of unlicensed activity to DCA's Division of Investigations; however, the Bureau's 2023 [Sunset Review Report](#) discusses various issues relating to unlicensed activity enforcement.

Staffing Considerations

Needing to catch people in the act led the Bureau to change its enforcement strategy since the last sunset review. According to the Bureau, private security makes up the vast majority of BSIS investigations and complaints. Additionally, private security who engage in unlicensed activity often do so at night and on weekends. The Bureau's enforcement staff were primarily analysts who worked regular business days and hours. Recognizing a need for enforcement staff to be available at times when unlicensed activity is likely to occur, the Bureau reclassified two analyst positions as Special Investigators (SIs) to work in the field and at night or on weekends, when warranted.

The Bureau reports the SIs focus on time in the field investigating licensees and following unlicensed activity leads. Additionally, the SIs participate in multi-agency sweeps and sweeps with local law enforcement. From July 1, 2019 through June 30, 2023, the Bureau issued 210 unlicensed activity citations, which is almost a 290% increase from the preceding four years.

Despite the success of the SIs, the volume of unlicensed activity complaints over the past few years has nearly doubled. The Bureau currently receives an average of 373 complaints per year alleging unlicensed activity, which is a 90% increase over the 196 reported for the year ending June 30, 2018.

Bureau Outreach Efforts

This increase may be attributed to Bureau outreach efforts. Bureau management and staff have attended and presented at meetings, conferences, and other events to educate local law enforcement and government agencies on licensing requirements and BSIS laws and regulations. Additionally, the Bureau continues to update consumer educational brochures as laws and regulations change. While educating the public is in the best interest of consumer protection, it tends to result in a higher number of reports of unlicensed activity, which could put a strain on Bureau resources.

Infraction Authority

BPC § 146 makes unlicensed activity in specified professions an infraction, punishable by a fine of not less than two hundred fifty dollars (\$250) and not more than one thousand dollars (\$1,000). The professions listed in BPC § 146 include locksmiths, repossessioners, alarm companies, and private investigators (in addition to most

other professions under the Department’s purview). However, the private security industry, which has the highest reported incidence of unlicensed activity under the Bureau’s jurisdiction, are not.

The Bureau recommended adding the Private Security Services Act and the Proprietary Security Services Act to the list of professions specified in BPC § 146. The Bureau states that authorizing the Bureau to issue an infraction for unlicensed activity will increase the impact of its unlicensed activity enforcement strategy because administrative fines do not compel an unlicensed person to comply with licensing laws as effectively as a criminal citation.

Collateral Recovery Act

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.

BPC § 125.9 authorizes regulatory programs within the Department to establish a system for the issuance of citations for violations of the practice acts administered by those programs; however, this section exempts the Collateral Recovery Act from these provisions. In addition, BPC § 148 authorizes programs within the Department to establish a system similar to that authorized by BPC 125.9 for the issuance of citations for unlicensed activity. Because citations are a common method of enforcing unlicensed activity, it is not clear what options the Bureau has concerning an unlicensed reposessor other than a criminal referral.

Staff Recommendation: *The Bureau should advise the Committees of how it anticipates meeting increasing unlicensed activity workload demands. Additionally, the Bureau should identify the anticipated volume of infractions the Bureau would issue and the circumstances under which the Bureau would file an infraction. Finally, how does the Bureau meet its consumer protection mandate when enforcing the Collateral Recovery Act? The Bureau should advise the Committees if additional enforcement tools are necessary to help address unlicensed activity and whether any statutory changes are necessary to enhance these and other efforts to enforce its licensing requirements.*

ISSUE #9: (UNLICENSED ACTIVITY FINES FOR PRIVATE SECURITY) Do current fine amounts provide an incentive to comply with license requirements for the Bureau’s practice acts?

Background: While the Bureau has increased the number of unlicensed activity citations by 290% over the last four years, licensed operators have expressed frustration with the low fine amounts. As stated, private security services makes up the majority of unlicensed activity complaints submitted to the Bureau. Additionally, the private security industry states that the small fine maximum of \$5,000 is viewed as the price of doing business for non-compliant operators and has recommended to the Bureau and Committee staffs that a larger fine amount would be more of an incentive to comply with license requirements (BPC § 7587.15).

In response to Bureau and industry concerns about the effectiveness of unlicensed activity fines in promoting for private security services, the Bureau requested to add a stand-alone section to its Private Security Services Act to increase the fines for unlicensed private patrol operators.

The Bureau’s current civil penalties for misdemeanor offenses of unlicensed activity are as follows:

- BPC § 7582.3 (b) sets the misdemeanor civil penalty for an unlicensed activity violation at a maximum fine of \$5,000.
- BPC § 7582.3 (d) carries a maximum fine of \$10,000 for *advertising* as a private patrol operator without a license.

These violations may be charged concurrently to issue a fine of up to \$15,000 to egregious offenders. Additionally, the Superior Court may impose an additional fine of up to \$10,000 when a person is issued an injunction or restraining order for violating BPC § 7582.3,

The Bureau reports that local prosecutors and local law enforcement agencies decline to prosecute unlicensed activity violations in the private security industry because there is not usually a clear-cut victim or the fine is not large enough to justify using its resources to prosecute.

The Bureau believes that in conjunction with adding infraction authority to allow the Bureau to issue criminal citations for unlicensed activity, the result would be benefit it unlicensed activity enforcement strategy by providing a greater incentive to comply with licensing laws.

Staff Recommendation: *The Bureau should inform the Committees of the maximum fine it is proposing and the methodology for choosing the proposed maximum. The Bureau should advise the Committees of how it would ensure large fines would not become a barrier to entry for smaller private patrol operators. Additionally, the Bureau should inform the Committees of whether it includes evidence of advertising violations when making a criminal referral to increase potential civil penalties.*

OTHER ISSUES

ISSUE #10: (TECHNICAL CHANGES) Are there technical changes that may provide operational efficiencies of the license laws administered by the Bureau?

Background: Since the Bureau's last sunset review in 2019, the Bureau has sponsored or been impacted by numerous pieces of legislation which address all or parts of the Bureau's duties, oversight authority, licensing requirements, examination standards, among others.

As a result, there may be a number of non-substantive and technical changes to the license law that are needed to correct deficiencies or other inconsistencies in the law which may improve Bureau operations.. Because of numerous statutory changes and implementation delays, code sections can become confusing, contain provisions that are no longer applicable, make references to outdated report requirements, and cross-reference code sections that are no longer relevant. Sunset review is an appropriate time to review, recommend, and make necessary statutory changes.

Staff Recommendation: *The Bureau should recommend cleanup or technical amendments to the Committees, as necessary.*

CONTINUED REGULATION OF THE PROFESSIONS BY THE BUREAU OF SECURITY AND INVESTIGATIVE SERVICES

ISSUE #11: (CONTINUED REGULATION BY BSIS) Should the Bureau continue licensing and regulating security guards, alarm company operators, repossessors, locksmiths, and private investigators?

Background: The safety and welfare of consumers is best preserved through a strong licensing and regulatory structure to oversee the security and investigative service professions. The importance of an effective, proactive, efficient Bureau cannot be overlooked, particularly given the authority licensees have to utilize equipment in

their normal course of work that is highly regulated and impactful. Ensuring appropriate training, readiness, and oversight of BSIS licensees is necessary to ensure public safety. The Bureau has implemented significant policy changes that improve the Bureau's effectiveness in protecting consumers and improving public safety since its last sunset review.

Staff Recommendation: *The Bureau should be continued, and reviewed again on a future date to be determined.*