

**BACKGROUND PAPER FOR THE
Bureau of Security and Investigative Services
(Joint Oversight Hearing, February 26, 2019, Senate Committee on
Business, Professions and Economic Development and the Assembly
Committee on Business and Professions)**

**IDENTIFIED ISSUES, BACKGROUND AND RECOMMENDATIONS
REGARDING THE
Bureau of Security and Investigative Services**

**BRIEF OVERVIEW OF THE BUREAU OF SECURITY AND
INVESTIGATIVE SERVICES**

History and Function of the Bureau

The private security industry in the U.S. dates back to the 19th century, with private citizens performing many duties associated with today's federal and state law enforcement. The growth in the number of individuals and breadth of activities performed (guarding railroad shipments, detective work to investigate crimes, tracking down and apprehending criminals, and providing security advice to banks) was integral to determining the necessity of regulating the industry.

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

The Bureau issues licenses, registrations, certificates, and permits; however, for the purpose of this discussion, the terms "license" and "licensee" will be used. There are currently over 433,000 BSIS licenses held by about 350,000 business and individuals serving in the areas of alarm companies, locks, private investigations, private security, repossession, and firearm and baton training facilities.

The Bureau regulates the following Acts:

1. Alarm Company Act
2. Locksmith Act
3. Private Investigator Act
4. Private Security Services Act
5. Proprietary Security Services Act
6. Collateral Recovery Act

The Bureau’s current mission statement, as stated in its 2017-2021 Strategic Plan, is as follows:

To protect and serve the public and consumers through effective regulatory oversight of the professions with the Bureau’s jurisdiction.

Bureau Membership and Committees

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

Under current Committee requirements, members are appointed to two-year terms, serve under the Director of the Department of Consumer Affairs (DCA/Department), and receive no salary or benefits to participate in Committee meetings and other activities. A member’s appointment may be shortened or extended at the discretion of the Director.

There are currently four vacancies on the Committee. The following is a listing of the current Committee members and their backgrounds:

Bureau Advisory Committee Current Members			
Members serve two-year terms. The Director may elect to reappoint a member to more than one term.			
Name	Appointment Date	Term Expiration Date	Appointing Authority
Simon M. Cruz, Professional Member Training Facilities	7/1/14	6/30/20*	DCA Director
VACANT, Professional Member Collateral Recovery Industry	-	-	DCA Director
VACANT, Professional Member Locksmith Industry	-	-	DCA Director
VACANT, Professional Member Private Patrol Operator Industry	-	-	DCA Director
Frank Huntington III, Professional Member Private Investigator Industry	8/1/17	7/31/19	DCA Director
VACANT, Professional Member Proprietary Private Security Industry	-	-	DCA Director
Brian Boeglin, Professional Member Alarm Company Industry	1/1/19	12/31/20	DCA Director
Anton Farmby, Public Member SEIU United Services Workers West	2/8/17	2/8/21*	DCA Director
Todd Inglis, Public Member Ventura County Sheriff’s Office	7/1/16	6/30/18	DCA Director
Eli Owen, Public Member California Governor’s Office of Emergency Services	4/1/17	4/30/19	DCA Director

Stanton H. Perez, Public Member Public Safety Services	12/16/16	12/31/20*	DCA Director
Lynn Steven Mohrfeld, Public Member California Hotel & Lodging Association	7/1/14	6/30/20*	DCA Director
Nancy Lee Murrish, Public Member Congress of California Seniors	7/1/14	6/30/20*	DCA Director

*Member has been reappointed.

The Bureau also has five Disciplinary Review Committees. The Alarm Company Act, the Collateral Recovery Act, and the Private Investigator Act each establish one Disciplinary Review Committee (DRC), and the Private Security Services Act establishes two Disciplinary Review Committees, one in northern California and one in Southern California. DRCs provide applicants and licensees from the applicable Acts an alternate path to appeal the BSIS’s denial of a license application or the automatic suspension of a license (for those license types BSIS has statutory authority to take such action), and the BSIS’s assessment of an administrative fine(s) for violations of the specified Act.

Fiscal, Fund, and Fee Analysis

BSIS oversees two funds: the Private Security Services Fund and the Private Investigator Fund. There is a statutory reserve limit on both: if either fund exceeds 24 months in reserve, BSIS must reduce fees associated with the applicable license types.

Private Security Services (PSS) Fund

The Bureau’s PSS Fund is estimated to end fiscal year (FY) 2017-18 with a reserve balance of \$8,649,000, which equates to 6.4 months in reserve. The Bureau projects the reserve balance in FY 2018-19 will be approximately \$7,219,000, equaling 5.1 months in reserve. Total expenditures for FY 2017-18 are projected to be \$14,578,000.

Since FY 2003–04, the PSS Fund made two loans to the General Fund totaling \$8 million. Repayment for the full \$8 million loan, plus \$764,000 in interest, was paid in FY 2015-16.

Due to an ongoing revenue/expenditure imbalance, fund condition analyses carried out by the DCA’s Budget Office in the fall of 2016 projected that the PSS Fund would become insolvent by the end of FY 2019-20. The imbalance was the result of licensing fees not having been increased in over a decade and the increased costs of doing business. BSIS contracted with an independent auditor to perform an operational audit of the PSS Fund. The auditor’s Performance and Fee Report identified the need for an overall revenue increase of 45% to address the imbalance and to support the solvency of the fund through FY 2021-22. BSIS opted to pursue fee increases equivalent to a 35% overall revenue increase and to work on ways to decrease application deficiencies and to increase BreEZe participation. Legislation was enacted in 2017 (SB 547, Hill, Chapter 429, Statutes of 2017) which provided the statutory authority to increase various licensing fees to a specified floor amounts as well as enabled BSIS to increase the fees, at a later date, to the specified ceiling amounts through the rulemaking process. The new licensing fees went into effect on July 1, 2018.

Fund Condition: PSS Fund						
(Dollars in Thousands)	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20
Beginning Balance	\$7,483 ¹	\$7,134 ¹	\$14,954 ¹	\$12,178	\$8,649	\$7,219

Revenues and Transfers	\$10,729	\$11,808	\$11,006	\$11,049	\$14,711	\$14,711
Total Revenue	\$10,729	\$11,808	\$11,006	\$11,049	\$14,711	\$14,711
Budget Authority	\$13,015	\$14,359	\$15,274	\$14,926	\$15,180	\$15,484
Expenditures	\$11,156	\$12,192	\$13,782	\$14,578	\$16,141 ²	\$164,45 ²
Loans to General Fund	\$0	\$0	\$0	\$0	\$0	\$0
Accrued Interest, Loans to General Fund	\$0	\$764	\$0	\$0	\$0	\$0
Loans Repaid From General Fund	\$0	\$8,000	\$0	\$0	\$0	\$0
Fund Balance	\$7,056	\$14,750	\$12,178	\$8,649	\$7,219	\$5,485
Months in Reserve	6.9	12.8	10.0	6.4	5.3	3.9

NOTE: Fiscal data provided includes prior year adjustments and direct draws from the fund. Fiscal 2017-18 year-end data is projected due to Fi\$CAL year-end reports not being available by this report's submittal.

¹ These include beginning balance adjustments.

² Projected to spend full budget.

Fee Schedule and Revenue: PSS Fund							
(List Revenue Dollars in Thousands)							
Fee Type	Current Fee Amount	Statutory Limit	FY 2014-15 Revenue	FY 2015-16 Revenue	FY 2016-17 Revenue	FY 2017-18 Revenue ²	% of Total Revenue
Alarm Company – Initial Application	35	35	7	4	4	5	0.05
Alarm Company – Initial License	280	280	32	22	23	30	0.25
Alarm Company -- Biennial Renewal	335	335	327	317	315	292	2.88
Alarm Company – Delinquent Renewal	167.50	167.5	15	14	21	16	0.15
Alarm Company – Assignment	125	125	0	0	1	2	0.01
Alarm Company – Duplicate	10	10	0	0	0	0	0.00
Alarm Company Branch – Initial Application	35	35	2	1	1	2	0.01
Alarm Company Branch – Biennial Renewal	35	35	2	4	2	4	0.03
Alarm Company Branch – Delinquent Renewal	25	25	0	0	0	0	0.00
Alarm Company Branch– Duplicate	10	10	0	0	0	0	0.00
Alarm Employee – Initial Registration	17	17	110	92	84	81	0.85
Alarm Employee -- Renewal	7	7	34	34	33	30	0.30
Alarm Employee – Delinquent Renewal	25	25	7	8	10	11	0.08
Alarm Employee – Duplicate	10	10	1	1	2	2	0.01
Alarm Qualified Manager – Initial Application/Exam	105	105	13	10	11	11	0.10
Alarm Qualified Manager –Renewal	120	120	115	122	113	115	1.07
Alarm Qualified Manager – Delinquent Renewal	60	60	7	7	9	0	0.05
Alarm Qualified Manager -- Duplicate	10	10	0	0	0	0	0.00
Baton Permit	50	50	261	279	281	240	2.45
Baton Permit - Duplicate	5	5	2	2	3	3	0.02
Firearms Permit – Initial Application	80	80	901	945	970	1,201	9.26
Firearm Permit –Renewal	60	60	690	832	703	693	6.73
Firearm Permit – Duplicate	10	10	14	15	17	21	0.15
Locksmith Company – Initial Application	30	30	6	6	8	10	0.07
Locksmith Company – Initial License	45	45	9	9	12	14	0.10

Fee Schedule and Revenue: PSS Fund

(List Revenue Dollars in Thousands)

Fee Type	Current Fee Amount	Statutory Limit	FY 2014-15 Revenue	FY 2015-16 Revenue	FY 2016-17 Revenue	FY 2017-18 Revenue ²	% of Total Revenue
Locksmith Company –Renewal	45	45	57	56	57	50	0.51
Locksmith Company – Delinquent Renewal	22.5	22.5	3	4	5	4	0.04
Locksmith Company – Duplicate	10	10	0	0	0	0	0.00
Locksmith Company Branch– Initial Application	35	35	0	0	0	1	0.00
Locksmith Company Branch –Renewal	35	35	1	1	1	1	0.01
Locksmith Company Branch – Delinquent Renewal	17.5	17.5	0	0	0	0	0.00
Locksmith Company Branch – Duplicate	10	10	0	0	0	0	0.00
Locksmith Employee – Application	20	20	5	5	6	7	0.05
Locksmith Employee –Renewal	20	20	16	22	14	14	0.15
Locksmith Employee – Delinquent Renewal	10	10	0	0	0	1	0.00
Locksmith Employee – Duplicate	10	10	0	0	0	0	0.00
Private Patrol Operator – Initial Application/ Examination	500	500	189	225	228	221	1.99
Private Patrol Operator – Initial License	700	700	178	152	189	198	1.65
Private Patrol Operator –Renewal	700	700	784	810	700	804	7.14
Private Patrol Operator – Delinquent Renewal	350	350	42	30	39	37	0.34
Private Patrol Operator – Duplicate	10	10	1	0	1	0	0.00
Private Patrol Operator Branch – Initial Application	250	250	14	12	10	17	0.12
Private Patrol Operator Branch –Renewal	75	75	10	12	9	8	0.09
Private Patrol Operator Branch – Delinquent Renewal	37.5	37.5	1	0	1	0	0.00
Private Patrol Operator Branch -- Duplicate	10	10	0	0	0	0	0.00
Proprietary Private Security Employer – Application	75	75	10	9	12	17	0.11
Proprietary Private Security Employer –Renewal	35	35	10	7	11	5	0.08
Proprietary Private Security Employer – Delinquent Renewal	25	25	1	1	1	0	0.01
Proprietary Private Security Employer -- Duplicate	10	10	0	0	0	0	0.00
Proprietary Private Security Officer – Registration	50	50	69	113	114	123	0.97
Proprietary Private Security Officer –Renewal	35	35	55	44	36	40	0.40
Proprietary Private Security Officer – Delinquent Renewal	25	25	6	2	4	3	0.03
Proprietary Private Security Officer - Duplicate	10	10	0	0	0	0	0.00
Repossession Agency – Initial Application/License	825	825	17	29	17	21	0.19
Repossession Agency -- Renewal	715	715	100	101	88	97	0.89
Repossession Agency – Delinquent Renewal	357	357	3	4	2	4	0.03
Repossession Agency -- Duplicate	10	10	0	0	0	0	0.00
Repossession Agency -- Assignment	125	125	1	0	0	0	0.00
Repossession Employee – Initial Application	75	75	23	21	25	20	0.21
Repossession Employee – Re-registration Application ¹	30	30	3	3	2	2	0.02
Repossession Employee -- Renewal	60	60	20	19	16	21	0.18
Repossession Employee – Delinquent Renewal	30	30	1	1	1	1	0.01
Repossession Employee -- Duplicate	10	10	0	0	0	0	0.00
Repossession Qualified Manager—Initial	325	325	7	7	7	6	0.06

Fee Schedule and Revenue: PSS Fund							
(List Revenue Dollars in Thousands)							
Fee Type	Current Fee Amount	Statutory Limit	FY 2014-15 Revenue	FY 2015-16 Revenue	FY 2016-17 Revenue	FY 2017-18 Revenue ²	% of Total Revenue
Application/Exam							
Repossession Qualified Manager -- Renewal	450	450	82	45	72	54	0.58
Repossession Qualified Manager -- Delinquent Renewal	225	225	3	2	4	5	0.03
Repossession Qualified Manager -- Duplicate	10	10	0	0	0	0	0.00
Security Guard – Initial Application	50	50	2,759	2,859	2,987	3,230	27.29
Security Guard – Renewal Fee	35	35	3,123	3,019	2,913	2,895	27.55
Security Guard – Delinquent Renewal	25	25	152	170	189	178	1.59
Security Guard – Duplicate License	10	10	48	53	73	79	0.58
Training Facility Baton – Initial Application	500	500	8	12	11	8	0.09
Training Facility Baton -- Renewal	500	500	40	39	39	35	0.35
Training Facility Baton -- Reinstatement	750	750	3	5	6	7	0.05
Training Facility Baton -- Duplicate	10	10	0	0	0	0	0.00
Training Facility Firearm -- Initial Application	500	500	16	15	16	21	0.16
Training Facility Firearm -- Renewal	500	500	73	72	79	70	0.68
Training Facility Firearm -- Reinstatement	750	750	6	6	2	5	0.04
Training Facility Firearm -- Duplicate	10	10	0	0	0	0	0.00
Training Instructor Baton – Initial Application	250	250	5	7	7	5	0.06
Training Instructor Baton -- Renewal	250	250	24	26	24	24	0.23
Training Instructor Baton -- Reinstatement	375	375	0	0	0	2	0.00
Training Instructor Baton -- Duplicate	10	10	0	0	0	0	0.00
Training Instructor Firearm – Initial Application	250	250	18	18	16	18	0.16
Training Instructor Firearm – Renewal	250	250	64	64	66	66	0.60
Training Instructor Firearm – Reinstatement	375	375	1	0	0	3	0.01
Training Instructor Firearm – Duplicate	10	10	0	0	0	0	0.00
¹ A repossession employee must re-register with BSIS for each company that employs the individual. ² Since FY 2017-18 FM 13 Fi\$Cal reports were not available at time of report submission, revenue reported is derived from ad hoc reports based on DCA Cashiering BreEZe data.							

Private Investigator (PI) Fund

The Bureau's PI Fund is estimated to end FY 2017-18 with a reserve balance of \$373,000, which equates to 3.6 months in reserve. BSIS projects the Bureau of Security and Investigative Services reserve balance in FY 2018-19 to be approximately \$553,000, equaling 5.2 months in reserve. Total expenditures for FY 2017-18 are projected to be \$1,144,000.

In FY 2011–12, the PI Fund made one loan to the General Fund of \$1.5 million. Repayment for the full \$1.5 million loan, plus \$36,000 in interest, was paid over the past two FYs.

The PI Fund has also experienced an ongoing revenue/expenditure imbalance. As a result of various budget bills enacted in 2017, costs increased for all state programs (i.e., increased statewide pro rata

costs including those relating to Fi\$Cal, supplemental pension fund contributions and employee compensation and benefits). The PI Fund is now projected to become insolvent in FY 2019-20. BSIS contracted the same auditor that completed the PSS Fund audit to perform an operational audit of BSIS's PI Fund. The Auditor's Performance and Fee Report identified a fee structure that would bring in at least \$1.42 million in annual revenue by FY 2022-23, which would provide for a 5.2-month reserve by the end of that FY. Given the imminent need to increase revenues, BSIS is working on options to address this issue.

Fund Condition: PI Fund						
(Dollars in Thousands)	FY 14–15	FY 15–16	FY 16–17	FY 17–18	FY 18–19	FY 19–20
Beginning Balance	\$696 ¹	\$619 ¹	\$474 ¹	\$840	\$373	\$553
Revenues and Transfers	\$621	\$684	\$1,421	\$677	\$1,438	\$683
Total Revenue	\$621	\$684	\$671	\$677	\$688	\$683
Budget Authority	\$720	\$838	\$1,079	\$1,176	\$1,175	
Expenditures	\$707	\$835	\$1,055	\$1,144	\$1,258 ²	\$1,306 ²
Loans to General Fund	\$0	\$0	\$0	\$0	\$0	\$0
Accrued Interest, Loans to General Fund	\$0	\$0	\$16	\$0	\$19.5	\$0
Loans Repaid from General Fund	\$0	\$0	\$750	\$0	\$750	\$0
Fund Balance	\$610	\$468	\$840	\$373	\$553	-\$46
Months in Reserve	8.8	5.3	8.8	3.6	5.2	-0.4
NOTE: Fiscal data provided includes prior year adjustments and direct draws from the fund. Fiscal 2017-18 year-end data is projected due to Fi\$CAL year-end reports not being available by this report's submittal.						
¹ These include beginning balance adjustments.						
² Projected to spend full budget.						

Fee Schedule and Revenue: PI Fund							
(List Revenue Dollars in Thousands)							
Fee	Current Fee Amount	Statutory Limit	FY 2014–15 Revenue	FY 2015–16 Revenue	FY 2016–17 Revenue	FY 2017–18 Revenue ¹	% of Total Revenue
Private Investigator Company – Initial Application/Exam	50	50	25	25	23	23	3.69
Private Investigator Company – License	175	175	62	47	48	53	8.08
Private Investigator Company – Renewal	125	125	498	567	523	536	81.72
Private Investigator Company – Delinquent Renewal	62.5	62.5	23	17	23	21	3.23
Private Investigator Company – Duplicate	10	10	1	1	1	1	0.15
Private Investigator Branch – Initial Application	30	30	0	1	1	1	0.12
Private Investigator Branch – Renewal	30	30	1	1	2	1	0.19
Private Investigator Branch – Delinquent Renewal	15	15	0	0	0	0	0.00
Private Investigator Branch – Duplicate	10	10	0	0	0	0	0.00
Firearms Permit – Initial Application	80	80	3	5	6	7	0.81

Fee Schedule and Revenue: PI Fund (List Revenue Dollars in Thousands)							
Fee	Current Fee Amount	Statutory Limit	FY 2014-15 Revenue	FY 2015-16 Revenue	FY 2016-17 Revenue	FY 2017-18 Revenue ¹	% of Total Revenue
Firearms Permit – Renewal	60	60	2	7	15	10	1.31
Firearms Permit – Duplicate	10	10	0	0	0	0	0.00
Since FY 2017-18 FM 13 Fi\$Cal reports were not available at time of report submission, revenue reported is derived from ad hoc reports based on DCA Cashiering BreEZe data.							

Expenditures by Program Component

PSS Fund

For the last four fiscal years, the Bureau has expended approximately 27% on enforcement, 0% on examinations, 18% on licensing, 6% on administration, and 49% on DCA pro rata which funds DCA’s two divisions, the Consumer and Client Services Division (CCSD) and the Division of Investigation (DOI). CCSD contains the Administrative and Information Services Division (the Executive Office, Legislation, Budgets, Human Resources, Business Services Office, Fiscal Operations, Office of Information Services, Equal Employment Office, Legal, Internal Audits, and SOLID training services), the Communications Division (Public Affairs, Publications Design and Editing, and Digital Print Services), and the Division of Program and Policy Review (Policy Review Committee, Office of Professional Examination Services, and Consumer Information Center). Pro rata is apportioned primarily based on the number of authorized staff.

Expenditures by Program Component: PSS Fund								
(Dollars in Thousands)	FY 2014-15		FY 2015-16		FY 2016-17		FY 2017-18	
	Personnel Services	OE&E	Personnel Services	OE&E	Personnel Services	OE&E	Personnel Services	OE&E
Enforcement	\$1,945	\$1,377	\$2,036	\$1,205	\$2,122	\$1,240	\$2,290	\$1,708
Examination	\$0	\$39	\$0	\$21	\$0	\$55	\$0	\$39
Licensing	\$1,636	\$688	\$1,792	\$611	\$1,868	\$391	\$1,963	\$408
Administration*	\$566	\$238	\$521	\$178	\$543	\$114	\$605	\$126
DCA Pro Rata	\$0	\$5,389	\$0	\$6,496	\$0	\$7,060	\$0	\$6,637
Diversion (if applicable)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TOTALS**	\$4,147	\$7,731	\$4,349	\$8,511	\$4,533	\$8,860	\$4,858	\$8,918
*Administration includes costs of executive staff, Bureau, administrative support, and fiscal services.								
**Total expenses are prior to reimbursements								

PI Fund

For the last four fiscal years, the Bureau has expended approximately 44% on enforcement, 3% on examinations, 28% on licensing, 2% on administration, and 24% on DCA pro rata.

Expenditures by Program Component: PI Fund

(Dollars in Thousands)	FY 2014–15		FY 2015–16		FY 2016–17		FY 2017–18	
	Personnel Services	OE&E	Personnel Services	OE&E	Personnel Services	OE&E	Personnel Services	OE&E
Enforcement	\$173	\$170	\$186	\$233	\$162	\$225	\$187	\$226
Examination	\$0	\$37	\$0	\$11	\$0	\$20	\$0	\$20
Licensing	\$91	\$74	\$98	\$72	\$171	\$170	\$196	\$164
Administration*	\$9	\$7	\$10	\$7	\$9	\$8	\$10	\$8
DCA Pro Rata	\$0	\$153	\$0	\$231	\$0	\$246	\$0	\$267
Diversion (If Applicable)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TOTALS**	\$273	\$441	\$294	\$554	\$342	\$669	\$393	\$685
* Administration includes costs of executive staff, Bureau administrative support, and fiscal services.								
** Total expenses are prior to reimbursements.								

Staffing Levels

The Bureau reports that at the end of FY 2017-18, it had 63.4 authorized positions, including 26.5 dedicated to licensing and 17 dedicated to enforcement.

BSIS noted in its 2014 sunset report that many of its staff had been with BSIS for more than fifteen years. During the past four years, this trend shifted with fifteen people leaving BSIS. Both the Licensing Unit and the Enforcement Unit have been affected by turnover.

According to the Bureau, the Enforcement Unit has faced staff turnover due to retirements or promotions. During the past four years, over half of the analysts who conduct field investigations left and the enforcement manager position has transitioned twice. BSIS states that staff turnover inherently results in case aging and increased investigation times. BSIS notes that it hires new staff as soon as possible, but that it takes a long time to train on the laws of the six practice acts to complete accurate and timely investigations.

The 2014 sunset report did note the Licensing Unit turnover and highlighted expected increases in the licensee population that would require a workload and staff resource analysis. Simultaneously, the impending BreEZe rollout was expected to positively impact workload in the Licensing Unit, potentially alleviating a portion of the strain. Since the last review, BreEZe has rolled out and the Licensing Unit is still experiencing turnover. Notably, the licensee population has not grown significantly since the last sunset review. BSIS has conducted workload analyses of BreEZe impact on license application processing times. Ultimately, BreEZe has resulted in longer processing times and increased workload. Since the last sunset review, BSIS submitted several budget change proposals to increase the number of staff. On July 1, 2015, the Licensing Unit was comprised of 19 authorized positions and as of July 1, 2018, there are 26.5 authorized positions. BSIS cites the inherent heavy workload associated with licensing makes personnel retention difficult. This issue is discussed further under *Issue #2, Staffing*, below.

According to BSIS, the most significant recruitment challenge is that many positions require several rounds of recruitment efforts to secure staff who either are qualified or meet the state hiring eligibility requirements. Succession planning efforts include cross-training staff to ensure knowledge of BSIS's business processes and procedures is not isolated to a single employee, and the

development of procedural manuals and reference documents to help retain institutional knowledge and ensure staff are correctly and consistently carrying out their duties.

Licensing

The Bureau issues an average of 1,157 company licenses, 54,552 employee registrations, and 11,217 Bureau firearm permits. On average, the Bureau renews 9,795 company licenses, 92,729 employee registrations, and 11,376 Bureau firearm permits each year. The average numbers of licenses issued have decreased since the prior sunset report.

Active Licensee Population				
	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18
Alarm Company	2,038	1,922	1,914	1,905
Alarm Company Branch	207	231	239	270
Alarm Employee	21,735	19,709	18,624	18,565
Alarm Qualified Manager	2,064	2,028	1,994	1,964
Baton Permit	23,078	38,628	35,788	36,587
Firearms Permit	45,387	42,037	41,562	45,536
Locksmith Company	2,841	2,688	2,754	2,808
Locksmith Company Branch	52	45	39	41
Locksmith Employee	2,672	2,309	2,295	2,299
Private Investigator Company	9,755	9,273	9,090	8,831
Private Investigator Branch	133	137	138	127
Private Patrol Operator	2,137	2,283	2,348	2,403
Private Patrol Operator Branch	396	379	367	340
Proprietary Private Security Employer	657	609	490	540
Proprietary Private Security Officer	5,795	5,824	6,036	6,569
Repossession Agency	296	291	276	271
Repossession Employee	933	813	878	851
Repossession Qualified Manager	297	306	280	282
Security Guard	283,403	275,711	277,820	284,098
Training Facility Baton	199	176	180	173
Training Facility Firearm	363	339	336	335
Training Instructor Baton	258	233	225	217
Training Instructor Firearm	643	614	603	615

The Bureau states that its goal is to issue initial employee licenses within 45 days of receipt of a BreZE application and within 60 days of receipt of a non-deficient paper application. The goal to issue an initial employee license in the past sunset review was 30 days. For initial licenses for companies, qualified managers, facilities, and training instructors, BSIS's goal is to issue within 75 to 120 days, depending on license type. The actual licensing cycle times vary depending on license types, and data is only available for the most recent cycle of 2017-2018 licensing due to the Bureau's

prior licensing system not capturing this information and inconsistent staff use of the BreEZe function for incomplete applications in the former years.

Processing times for non-deficient BreEZe employee registration applications can be longer due to DOJ or FBI requiring the applicant to re-fingerprint or delayed responses attributable to law enforcement entities not yet providing the specific criminal history to DOJ or FBI. However, when the applicant’s personal identifier information for DOJ and the registration application aligns and there is no criminal history, BreEZe automatically issues the registration. Further, BreEZe registration renewals are processed in real time, which means the registration is renewed upon submission of the application and payment of the correct fee amount.

Repossession agent initial registration, initial baton permit, and both initial and renewal firearms permit applications are not available on BreEZe. Originally, firearms permit applications were available on BreEZe, but due to high deficiency rates with individuals failing to upload a scanned copy of the application, firearms permit applications were discontinued from BreEZe in September 2017.

Licensing data by type						
Application type	Received	Issued	Pending Applications	Goal cycle time for complete application	Cycle time for complete Apps	Cycle time for incomplete apps
Alarm Company Initial License	122	86	21	120	60	127
Alarm Company Biennial Renewal	871	863	2	60	-	-
Alarm Company Branch Initial License	57	62	0	60	41	259
Alarm Company Branch Biennial Renewal	116	116	0	60	-	-
Alarm Employee Initial Registration	4,736	4,623	130	60	50	154
Alarm Employee Biennial Renewal	4315	4,283	1	60	-	-
Alarm Qualified Manager Initial License	92	51	14	75	174	223
Alarm Qualified Manager Biennial Renewal	953	944	0	60	-	-
Firearms Permit Initial License	14,168	13,802	765	60	66	142
Firearms Permit Biennial Renewal	11,722	11,026	222	60	-	-
Locksmith Company Initial License	317	269	27	90	55	94
Locksmith Company Biennial Renewal	1,121	1,109	2	60	-	-
Locksmith Company Branch Initial License	16	10	2	90	34	87
Locksmith Company Branch Biennial Renewal	20	20	0	60	-	-
Locksmith Employee Initial Registration	359	341	11	60	55	153
Locksmith Employee Biennial Renewal	677	667	0	60	-	-
Private Investigator Company Initial License	408	278	34	120	117	129
Private Investigator Company Biennial Renewal	4,284	4,217	6	60	-	-
Private Investigator Branch Initial License	36	34	1	60	51	0

Private Investigator Branch Biennial Renewal	38	37	0	60	-	-
Private Patrol Operator Initial License	446	268	55	120	97	102
Private Patrol Operator Biennial Renewal	1,144	1,097	4	60	-	-
Private Patrol Operator Branch Initial License	63	51	4	60	60	0
Private Patrol Operator Branch Biennial Renewal	106	104	0	60	-	-
Proprietary Private Security Employer Initial Registration	213	120	27	90	55	105
Proprietary Private Security Employer Biennial Renewal	133	122	0	60	-	-
Proprietary Private Security Officer Initial Registration	2,440	2,200	88	60	55	168
Proprietary Private Security Officer Biennial Renewal	1,142	1,123	2	60	-	-
Repossession Agency Initial License	25	22	2	120	227	153
Repossession Agency Biennial Renewal	136	133	1	60	-	-
Repossession Employee Initial Registration	276	300	10	60	47	100
Repossession Employee Biennial Renewal	347	343	0	60	-	-
Repossession Qualified Manager Initial License	16	15	2	75	130	0
Repossession Qualified Manager Biennial Renewal	121	119	0	60	-	-
Security Guard Initial Registration	64,077	60,249	1,263	60	26	133
Security Guard Biennial Renewal	82,723	81,879	71	60	-	-
Training Facility Baton Initial License	15	9	4	90	101	165
Training Facility Baton Biennial Renewal	69	69	0	60	-	-
Training Facility Firearm Initial License	39	26	3	90	101	140
Training Facility Firearm Biennial Renewal	140	138	0	60	-	-
Training Instructor Baton Initial License	19	13	2	75	118	110
Training Instructor Baton Biennial Renewal	94	93	0	60	-	-
Training Instructor Firearm Initial License	71	52	7	75	141	137
Training Instructor Firearm Biennial Renewal	265	263	0	60	-	-

Information Verification

Fingerprinting

All applicant types, with the exception of proprietary private security employers, must submit their fingerprints to the Federal Bureau of Investigation (FBI) and Department of Justice (DOJ) for a criminal background check. In addition, Bureau staff who process company applications, including for firearms training facilities and instructors, check the BreZE 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, BSIS relies on BreEZe alerts placed by BSIS enforcement staff on an individual's BreEZe account to assess if the individual had disciplinary actions taken on a prior license for a serious act(s) or violation(s). If someone with an alert on their BreEZe account applies again, Bureau staff processing the application will receive a message about the enforcement alert so the matter can be assessed. Additionally, if the individual submits a BreEZe registration application, the alert requires Bureau staff to review the application as part of the BreEZe application exception process.

Primary Source Documentation

The principal primary source documents the Bureau requires for initial employee registration applicants include a completed application, and DOJ and FBI criminal history record information directly from the DOJ.

For each principal that will be active in the business operations of the company, alarm company and repossession agency qualified manager, firearms and baton training instructors, and firearms and baton training facility applications, a completed company/qualified manager/facility/instructor application is required, along with completed personal identification forms and DOJ/FBI criminal offender record information directly from DOJ. Additionally, specified Secretary of State filing documents are required for domestic corporations and limited liability companies and training facility applicants organized as a corporation or limited liability company. A person who will serve as the qualified manager on an alarm, repossession, private patrol operator or private investigator company license as well as training instructors must also provide information to demonstrate that they satisfy the experience and/or education requirements. Additional documents may be required for certain entities for BSIS to ensure that all individuals who should undergo a background review are identified. For all private patrol operator business types, PI businesses organized as LLCs, and alarm company businesses organized as LLCs, a current Certificate of Liability Insurance as proof that the required insurance is being maintained is required. Proof of liability insurance is not required for Repossessors organized as LLCs. LLC organization by Bureau licensees is discussed further below in *Issue #8, Licensing of limited liability companies*.

Firearms Permit

Effective July 1, 2018, a requirement for the issuance of an initial BSIS firearms permit to a security guard registrant or to associate the firearms permit to a security registration under specified conditions is that the registrant complete an assessment to demonstrate they possess appropriate judgment, restraint, and self-control to carry and use a firearm while performing security guard duties. This assessment does not apply to other license types under the Private Security Services Act who are authorized to obtain a firearms permit, or other licensees governed under the Private Investigator Act or the Alarm Company Act who are authorized to obtain a firearms permit. Due to the six to eight-week application processing times, BSIS began issuing notices to applicants to schedule their assessment appointments the beginning of September 2018 and PSI Services LLC, the vendor on contract to administer the assessments, began administering the assessment on September 10, 2018. From this date through January 31, 2019, 1,378 individuals have completed the assessment with the passage rate of approximately 88%. This assessment is discussed below in *Issue #7, Readiness assessment*.

To renew a firearms permit, the holder must also complete four range qualifications (where a licensee must demonstrate the ability to actually fire a weapon at a target with proficiency) 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 exam required for the initial permit required during one of the qualification sessions.

Education and Continuing Education

Examinations

BSIS does not use a national examination, but requires a California-specific examination, developed by the DCA's Office of Professional Examination Services (OPES), for licensure as an alarm company operator, private patrol operator, private investigator, or repossession agency. Specifically, the qualified manager, who is the individual responsible for managing the day-to-day activities of the business for a licensee, must pass the exam for each of these license types.

Applicants for a security guard registration and firearms permits must pass a non-OPES related examination, as a condition for issuance of the registration or permit. A registered alarm agent who responds to triggered alarm systems must pass a non-OPES examination. The examinations may include the BSIS Power to Arrest Exam (100% required for success) or the BSIS Firearms Written Exam (85% required for success).

All Bureau examinations, including the new firearms assessment, are only offered in English. BSIS has not received any requests for additional languages.

Firearms training

The training course to obtain an initial BSIS firearms permit is comprised of two parts: classroom training/exam and range training. The classroom training consists of eight hours of BSIS specified course materials designed to ensure the individual has a general understanding of the laws governing the possession and use of firearms; use of force/de-escalation of force issues; the parts of a handgun and general handgun safety activities and includes a written exam that must be passed with score of 85% or greater. The range portion consist of six hours of practical training encompassing safety practices in handling and firing firearms and includes firing two 50-rounds (once for practice and the second for scoring) on an actual firearm with live ammunition for the individual to demonstrate proficiency in shooting at a targeted area with an 80% passing score required. The bureau-certified instructor who administered the training is required to sign the permit holder's initial application attesting that the individual completed the required training, passed the exam with a minimum score of 85%, and qualified on the range with a minimum score of 80%.

Baton training

To obtain a baton permit, a licensee must complete a training course delineated in the BSIS *Baton Training Manual*.

School approval

BSIS certifies firearm and baton training facilities, which may include a school. Additionally, BSIS approves organizations and schools to provide security guard skills training.

Security Officer Skills Training Providers

The security officer skills training that a proprietary private security officer must complete may be administered by any proprietary private security employer, organization, or school approved by BSIS.

The training a security guard must complete may be administered by any private patrol operator, or by any organization or school approved by BSIS. A private patrol operator may provide the required training to its own security guard employees without having to be approved by BSIS. The law does not require a private patrol operator to notify BSIS if it is providing the security guard training to its employees nor to monitor the background/education of the individuals designated by the private patrol operators to provide training. Bureau firearm and baton training facilities also may provide the required training.

To gain BSIS approval, the training skills providers for either proprietary private security officers or security guards must submit a letter. BSIS's approval process consists of checking for BSIS registration, conducting a general internet search, and/or checking for BPPE licensure or accreditation. There is no statutory requirement for BSIS to inspect the approved entities providing the proprietary private security officer training or security guard training; however, they may be inspected as part of an investigation. BSIS has the statutory authority to suspend or revoke a private patrol operator license for violations of the law and to cancel the approval of an approved trainer.

Firearm and Baton Training Facilities

An application for BSIS's certification as a firearms or baton training facility includes the name and location of the entity; 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.

Initial firearms and baton training courses, and continued education firearms training courses, offered by the certified facilities must comply with either the BSIS's *Firearms Training Manual* or the BSIS's *Baton Training Manual*, respectively. It is unclear if either type of facility is required to provide its specific course materials to the Bureau for approval; this issue is discussed further in *Issue #10, Firearms and baton training* below.

SB 1196 (Hill, Chapter 800, Statutes of 2016) established requirements for BSIS to inspect a firearms training facility within 120 days of initial certification and to maintain a program of random and targeted inspections of the facilities. Based on an average of about 350 certified facilities and staff resources, BSIS identified a four-year random inspection cycle as reasonable with more frequent inspections of facilities where issues were identified that did not warrant taking formal disciplinary action on the certificate. Since January 1, 2017, BSIS has inspected all newly-certified firearms training facilities within the required 120 days. However, given the need to do compliance inspections

of other license types as well as conduct investigations and the recent staff turnover, BSIS asserts that it has struggled with carrying out the random inspections of all existing firearms facilities. BSIS anticipates being able to carry out the targeted inspections in FY 2019-20.

A condition for obtaining BSIS certification as a firearms training instructor is the possession of a police or security firearms instructor training certificate from the National Rifle Association (NRA), or a firearms instructor training certificate from a federal, state or local agency. However, there is no continuing training requirement to renew the instructor training certificate, nor is there a requirement for the individual to provide proof that he or she continues to hold a current NRA or public agency certificate.

BSIS has the statutory authority to suspend or revoke a firearm/baton training school's certification license for violations of the law. Also, BSIS has the ability to revoke the certification of a firearms or baton training instructor.

There is no statutory requirement for BSIS to inspect baton training facilities; however, they may be inspected as part of an investigation. Bureau oversight of these facilities is discussed further in *Issue #10, Firearms and baton training*.

Continuing Education

BSIS has not made any changes to CE requirements since the last review. With the exception of the license types listed below, Bureau licensees are not required to complete CE.

Proprietary Security Services Officer and Security Guard Registrants

A proprietary private security officer (PSO) must complete 16 hours of security officer skills training within six months of being registered and commencing employment. A private security employer must provide its proprietary private security officers 2 hours of annual CE in proprietary security guard skills training. A security guard registrant must complete 32 hours of security guard training within six months of being registered. A private patrol operator (PPO) must provide its security guard employees eight hours of training on security officer skills annually. BSIS regulations detail the courses for both types of trainings. PSO skills trainings may be administered by an approved proprietary private security employer or a bureau-approved school or organization. Security guard skills trainings may be administered by the PPO or a bureau-approved school organization. All training providers must issue a certificate of completion to each trainee who successfully completes the training.

Neither the Proprietary Security Services Act nor the Private Security Services Act requires the submission of proof of CE completion to BSIS as a condition of the registration renewal for either proprietary private security officers or security guards. However, their employers (proprietary private security employers and private patrol operators) are required to maintain records verifying completion of the CE training for a minimum of two years and to make those records available for inspection by BSIS upon request.

Current law places the responsibility for ensuring that proprietary security services officers and security guards complete their required CE training and, accordingly, their continuing competence, on their respective employers.

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 permit holder must complete a two-hour course on use of force and de-escalation of force with passage of the same written exam required for the initial permit required during one of the qualification sessions.

The bureau-certified instructor who administered the re-qualification training is required to sign the permit holder's renewal application attesting that the individual completed the required training, passed the written examination with a minimum score of 85% and qualified on the range with a minimum score of 80%.

Baton Permit Renewal

A baton permit does not expire.

Enforcement

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

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

Enforcement timeframes					
Average cycle time (days)	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	Target
Intake	5	4	5	10	10
Intake and investigation	116	104	173	153	120
Formal Discipline	404	384	584/1,084 ¹	796 ¹	540
Probation Intake	6	10	5	10	14
Probation and violation response	6	26	10	5	14

¹584 excludes cases with greater than average number of continuances and appeals; 1,084 is all cases. The amount of time for the OAG to prosecute a case through to final adjudication is outside of the Bureau's control. Further, the time it takes for the Office of Administrative Hearing to schedule a hearing date is outside the OAG's control. For FY 2017-18, the 796 cases reflect a reduction from the previous fiscal year.

BSIS’s implementation of BreEZe in FY 2015-16, high staff turnover, and new statutory requirements led to increased timelines beginning in FY 2016-17. According to the Bureau, with BreEZe fully implemented, staff becoming more proficient, and BSIS’s implementation of new processes (e.g., abridged investigations of suspended private patrol operators for failure to maintain the required insurance), BSIS hopes to be back to its targeted time sometime in FY 2019-20.

The Bureau has no statute of limitations on enforcement actions.

Enforcement Data Trends

The number of complaints received by BSIS has decreased from FY 2015-16 to FY 2017-18. In FY 2015-16, BSIS had to shift resources to prepare for the successful launch of BreEZe and to train staff on using a new system. This temporary shift in staff resources extended investigation times and resulted in case aging and a backlog. Management worked closely with staff throughout FY 2016-17 to help them identify strategies for addressing the aged cases.

The Bureau states that the Enforcement Unit has faced staff turnover, and that it has resulted in case aging and increased investigation times. Additionally, the Bureau claims that recent changes in the law have increased BSIS’s enforcement workload. The Bureau gives the example of the rate of non-compliance with the new insurance requirement by private patrol operator licensees which continues to exceed the originally projected 2% (the actual rate is between 15% and 18%) as one source of enforcement delay. Also, the 2016 requirement for BSIS to provide proper oversight by inspecting newly licensed firearm training facilities within 120 days of licensure, as well as the requirement for BSIS to maintain a program of random and targeted inspections of the facilities as a means of ensuring compliance with applicable laws is another factor BSIS cite when explaining increased overall enforcement workload.

Enforcement Statistics				
	FY 14–15	FY 15–16	FY 16–17	FY 17–18
COMPLAINT				
Intake				
Received	2,546	1,536	1,587	1,779
Closed without Assignment	139	471	420	507
Referred to Investigation	2,900	1,042	1,159	1,297
Average Time to Assign	5	4	5	9
Pending (Close of FY)	65	127	143	98
Source of Complaint				
Public (Includes Anonymous Complaints)	1,249	901	831	823
Licensee/Professional Groups/Industry	150	186	224	233
Governmental Agencies	1,614	1,701	1,367	1,628
Other	9	12	27	29
Conviction/Arrest				
Conviction Received	21,128	21,565	20,964	23,860
Conviction Closed	20,300	20,894	21,096	22,430
Average Time to Close	41	59	48	40
Conviction Pending (Close of FY)	110	671	539	1,969
LICENSE DENIAL				

Enforcement Statistics				
	FY 14–15	FY 15–16	FY 16–17	FY 17–18
License Applications Denied	2,216	1,349	2,299	2,224
Statement of Issues Filed	28	14	7	38
Statement of Issues Withdrawn	5	1	2	2
Statement of Issues Dismissed	0	0	0	0
Statement of Issues Declined	0	0	0	0
Average Days Statement of Issues	249	197	386	492
ACCUSATION				
Accusations Filed	24	40	26	40
Accusations Withdrawn	4	10	3	3
Accusations Dismissed	0	0	2	0
Accusations Declined	5	3	3	0
Average Days Accusations	652	503	586	608
Pending (Close of FY)	107	102	149	193
DISCIPLINE				
Disciplinary Actions				
Proposed/Default Decisions	79	61	41	38
Stipulations	8	6	4	15
Average Days to Complete	247	565	584	746
AG Cases Initiated	55	91	86	179
AG Cases Pending (Close of FY)	101	103	217	246
Disciplinary Outcomes				
Revocation	177	102	172	196
Voluntary Surrender	2	1	1	4
Suspension/Auto Suspension	805	638	470	851
Probation with Suspension	0	0	0	0
Probation	7	4	9	15
Probationary License Issued	0	0	0	0
Other	29	20	0	0
PROBATION				
New Probationers	29	11	14	16
Probations Successfully Completed	52	15	7	8
Probationers (Close of FY)	51	45	27	33
Petitions to Revoke Probation	0	2	0	0
Probations Revoked	11	1	0	0
Probations Modified	0	0	0	0
Probations Extended	0	0	0	0
Probationers Subject to Drug Testing	1	1	1	1
Drug Tests Ordered	2	3	5	0
Positive Drug Tests	0	0	0	0
Petition for Reinstatement Granted	0	0	0	0
DIVERSION				
New Participants	NA	NA	NA	NA
Successful Completions	NA	NA	NA	NA
Participants (Close of FY)	NA	NA	NA	NA
Terminations	NA	NA	NA	NA

Enforcement Statistics				
	FY 14–15	FY 15–16	FY 16–17	FY 17–18
Terminations for Public Threat	NA	NA	NA	NA
Drug Tests Ordered	NA	NA	NA	NA
Positive Drug Tests	NA	NA	NA	NA
INVESTIGATION				
All Investigations				
First Assigned ¹	15,017 ²	8,153	6,401 ³	5,547
Closed ¹	14,782 ²	6,726	5,760 ³	5,360
Average Days to Close	116	104	173	134
Pending (close of FY)	1,712	1,779	2,600	2,572
Desk Investigations				
Closed ¹	13,677 ²	5,609	4,770 ³	4,766
Average Days to Close	30	36	42	40
Pending (Close of FY)	1,113	1,321	1,794	1,749
Nonsworn Investigation				
Closed	1,196	502	747	538
Average Days to Close	97	145	292	359
Pending (Close of FY)	593	435	779	801
Sworn Investigation				
Closed	7	14	29	24
Average Days to Close	213	80	220	246
Pending (Close of FY)	6	23	27	22
COMPLIANCE ACTION				
Interim Suspension Order & Temporary Restraining Order Issued				
PC 23 Orders Requested	2	3	36	24
Other Suspension Orders	0	0	0	0
Public Letter of Reprimand	0	0	0	0
Cease & Desist/Warning	0	0	0	0
Referred for Diversion	0	0	0	0
Compel Examination	0	0	0	0
CITATION AND FINE				
Citations Issued	16	47	112	62
Average Days to Complete	141	218	278	297
Amount of Fines Assessed	\$17,187	\$32,682	\$159,740	\$116,274
Reduced, Withdrawn, Dismissed	\$12,925	\$5,285	\$4,200	\$250
Amount Collected	\$5,407	\$10,370	\$36,257	\$38,824
CRIMINAL ACTION				
Referred for Criminal Prosecution	10	5	0	1
<p>1 Data includes application investigations, including denials and open/close cases (applicant has a rap sheet, but the conviction(s) is not substantially-related, so the license is issued). The data also includes cases opened because of subsequent conviction(s) received on a licensee and a case must be opened to capture the automatic suspension of the license for those license types where BSIS has such authority.</p> <p>2 The higher number of investigations is attributable to BSIS reducing the backlog of open/close cases in preparation for our transition to BreZe (see prior footnote for explanation on what constitutes an open/close case).</p> <p>3 The decreased number of investigations is attributable to BSIS changing its business process for handling</p>				

Enforcement Statistics				
	FY 14–15	FY 15–16	FY 16–17	FY 17–18
open/close cases (see footnote 1 for explanation on what constitutes an open/close case). Due to the significant workload associated with open/close cases, BSIS determined it was more cost-effective not to initiate a case for minor convictions.				

Overall statistics show that disciplinary actions have remained steady since BSIS’s last sunset review. BSIS continues to utilize its automatic suspension authority on those license types for which it has such authority, which, according to the Bureau, significantly reduces the number of administrative filings. With the addition of two new Disciplinary Review Committees (Private Investigator and Collateral Recovery) effective July 1, 2017, this alternate appeal process for application denials, automatic suspension of a license, and issuance of a fine is now available to a greater number of Bureau applicants and licensees.

BSIS continues to utilize the administrative process for denials that require a Statement of Issues and egregious violations that warrant an Accusation for revocation. BSIS refers cases to the Office of the Attorney General but has no control over the time it takes to prepare pleadings and serve documents. BSIS has been working with the Office of the Attorney General on strategies that can be implemented on BSIS’s end to assist in expediting the process.

BSIS does not settle cases prior to the filing of an Accusation. BSIS can enter into stipulated settlements with licensee(s) once an Accusation has been served. Negotiated settlements generally include license revocation stayed in favor of probation with specified terms and conditions of probation and in some cases, cost recovery. Licensees also have the ability to appeal citations and the assessment of fines through the administrative process. In some cases, the Office of the Attorney General will work with the Respondent on negotiating settlements for citations. Negotiated settlements of citations generally include a reduction in the fine amount.

In the past four years, BSIS settled 33 cases post-accusation and 151 cases resulted in an actual administrative hearing. Approximately 18% of the cases are settled in lieu of a hearing.

Case Prioritization

BSIS states that it prioritizes cases using public and consumer protection as the first and foremost criteria, and those cases with the highest potential for public harm are most expeditiously addressed. BSIS allocates its resources so cases involving fraud and dishonesty, unlicensed activities, and illegal or unethical behavior are also addressed with appropriately and timely. BSIS triages complaints to determine which ones should be handled by complaint resolution staff, which should be handled by the DCA’s Division of Investigation, and which should be handled by BSIS enforcement staff.

BSIS uses the *Complaint Prioritization Guidelines for DCA Agencies Regulating Business Services, Design, and Construction (Business Services Guidelines)* which have three priority levels—Urgent, High, and Routine—to guide BSIS in identifying the urgency of the investigation. Examples of cases involving a high priority include allegations involving sexual or physical abuse, weapon violations, and felony convictions.

Mandatory Reporting Requirements

For the most part, the Bureau relies on mandatory reporting by licensees and their employers to learn of violent incidents involving a BSIS licensee. A security guard registrant and his or her employer, as a private patrol operator licensee, are required to file an incident report when the security guard discharges his or her firearm while on duty. A private patrol operator licensee is required to file an incident report when the licensee, its qualified manager, or a security guard employee is involved with the discharge of a firearm or a physical altercation. Repossessor Agencies are required to file an incident report when an act of violence occurs involving a licensee, its qualified manager, or one of its registrants that requires law enforcement to respond. An alarm company operator licensee or the licensee's qualified manager is required to file a report with BSIS relating to a violent incident involving a deadly weapon, including the discharge of a firearm involving the licensee, the licensee's qualified manager, or the licensee's alarm agent employee.

It is unknown how many of these violent incidents that meet the criteria for reporting are not reported to BSIS because this process depends upon self-reporting. However, if an incident rises to the level of a licensee/qualified manager/registrator being arrested, BSIS should receive a subsequent arrest report from DOJ. Additionally, BSIS is frequently made aware of firearm discharge incidents involving a licensee by local law enforcement and through media articles. This issue is discussed further in *Issue #12, Violent incident reporting and response*, below.

Unlicensed activity

According to the Bureau, unlicensed activity cases are difficult to investigate because the businesses and individuals are operating in a manner to elude regulatory oversight. Despite these challenges, BSIS states that it continues to explore opportunities to combat unlicensed activities in the private security businesses it regulates.

BSIS reports that it has worked to better inform consumers about unlicensed locksmiths and alarm companies through updated brochures. Additionally, BSIS developed a new brochure for law enforcement personnel relating to the licensure requirements for security guards, private patrol operators, proprietary private security officers and proprietary security employers, including information on when licensure of any of these license types would not be required.

BSIS also works with local law enforcement, District Attorney Offices, Employment Development Department, the Department of Insurance, and the Department of Alcohol and Beverage Control regarding Bureau-related unlicensed activities. These efforts include sharing BSIS's new law enforcement brochure.

BSIS has the authority to issue administrative citations for unlicensed activity with a fine amount up to \$5,000.

Cite and Fine

BSIS issues citations and fines to encourage compliance with the laws and regulations of the six acts within BSIS's oversight authority, to enhance disciplinary actions when warranted for the purposes of promoting a fair and level playing field for all licensees, and to protect California consumers from fraudulent, harmful, or illegal practices. Citations are issued for less egregious violations because the

primary intent is to encourage compliance as opposed to pursuing actions to revoke or suspend licensure.

BSIS asserts that it continuously uses its cite and fine authority to enforce the provisions of the six acts under its oversight. The fines are issued up to the maximum amount authorized by the specific statute. Fine increases were authorized throughout the six acts in 2017. In FY 2016-17, BSIS issued 112 citations totaling an assessed fine amount of \$159,740. In FY 2017-18, BSIS issued 62 citations totaling an assessed fine amount of \$116,274.

The five most common violations for which BSIS issued citations from July 1, 2014 through June 30, 2018 were: Administrative/Technical (65), Unlicensed Activity (54), Personal/Unprofessional Conduct (47), Weapons Violations (11), and Contract Terms/ Failure to Provide Service (7).

Cost Recovery

In the event that the Bureau does actually take formal enforcement action, BSIS uses the authority of Business and Professions Code section 125.3(a) to recover the reasonable costs of investigation and enforcement of a case. BSIS submits cost certifications for each case referred to the AG detailing the relevant BSIS expenditures. As part of the administrative hearing process, the Deputy AG will request cost recovery for BSIS's investigative costs, enforcement costs, or both. If cost recovery is ordered or agreed upon, the applicant or licensee may choose to pay the amount in full or enter into a payment plan with BSIS. If the applicant/licensee does not respond, BSIS initiates the FTB referral/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. BSIS is generally successful in collecting cost recovery from licensees who are on probation as payment is a condition of probation and BSIS's probation monitors work with the licensees to establish a payment plan. BSIS estimates that on average approximately 74% of the cost recovery ordered is collected. In instances where a license is revoked and cost recovery is ordered, BSIS has had success utilizing the FTB's Intercept Program to enhance its collection efforts.

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

Restitution

BSIS does not have a formal restitution policy. However, complaint resolution and 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. Additionally, an Administrative Law Judge may order a licensee to pay restitution to the harmed consumer as a condition of probation or part of the order. If restitution is part of a probation requirement, BSIS monitors the activity and reports facts accordingly for determination on whether all the terms of probation have been satisfied.

PRIOR SUNSET REVIEWS: CHANGES AND IMPROVEMENTS

The Bureau was last reviewed by the Legislature through Sunset Review in 2014-2015. During the previous sunset review, the Committee raised 16 issues. Below are actions which have been taken over the last four years to address a number of these. For those which were not addressed and which may still be of concern, they are addressed and more fully discussed under “Current Sunset Review Issues.”

In November, 2018, the Bureau submitted its required sunset report to this Committee. According to the Bureau, the following are some of the more important programmatic and operational changes, enhancements and other important policy decisions or regulatory changes made:

- **BSIS has worked to provide access to information both online and offline.** Although BSIS’s statutes and regulations are available online, an individual can now call BSIS if they desire print copies. Additionally, BSIS changed how it shares training materials from hard copies to internet links, with answer keys provided via email with hard copies upon request.
- **BSIS completed its 2014-2015 Strategic Plan and has since posted its 2017-2021 Strategic Plan.** Due to BSIS’s transition to BreEZe in January 2016, BSIS carried out its strategic planning activities for the subsequent plan in the fall of 2016. BSIS’s current 2017-21 Strategic Plan focuses on objectives for improving BSIS’s core regulatory functions – licensing, enforcement, and discipline – as well as strategies for enhancing consumer outreach and staff development. It also includes objectives relating to the new firearms assessment and firearms training facility compliance inspection activities, as well as continued efforts to develop/update various procedural manuals and reference documents.
- **BSIS evaluated its cite and fine structure.** Effective January 1, 2017, various fines throughout the six practice acts were increased. In FY 2016-17, BSIS issued 112 fines and the average fine amount was under \$1,425. In FY 2017-18, BSIS issued 62 fines and the average fine amount was about \$1,875.
- **BSIS enhanced its ability to suspend licenses.** As was the case in the prior sunset review, BSIS is authorized to automatically suspend a guard’s registration; locksmith company license or locksmith employee registration; and an alarm company license, an alarm qualified manager certificate, or an alarm agent registration under various circumstances. Additionally, BSIS is authorized to revoke a Firearms Permit upon notification from DOJ’s Bureau of Firearms that the permitholder is prohibited from possessing a firearm. SB 1196 (Hill, Chapter 800, Statutes of 2016) provided BSIS the authority to seek an emergency order against a firearms permit holder if BSIS’s investigation determines the permitholder presents a hazard to public safety.
- **BSIS now requires alarm companies to notify consumers of automatic renewals.** SB 1196 (Hill, Chapter 800, Statutes of 2016) added the requirement that if an alarm contract includes a provision for the automatic renewal of the contract for a term greater than a month it must include disclosure language advising the consumer of the renewal provision. SB 800 (Committee on Business, Professions, and Economic Development, Chapter 573, Statutes of 2017) clarified that the disclosure requirement only applied to residential alarm agreements, not commercial agreements. Prior to the new disclosure requirement, BSIS received approximately

70 complaints per year related to an automatic renewal. In 2017-18, BSIS did not receive any complaints relating to an automatic renewal.

- **BSIS concealed carry policies are clearer.** SB 1196 (Hill, Committee on Business, Professions and Economic Development, Chapter 800, Statutes of 2016) clarified that a private investigator licensee who possesses both a BSIS Firearms Permit and a concealed weapons permit may carry a concealed weapon while on duty.
- **BSIS has taken steps aimed at ensuring veterans are employed.** BSIS recently upgraded the position that serves as the liaison for the Veterans Comes First program to an analyst position as part of BSIS's efforts to enhance its overall effectiveness. At the lower position level, the services targeted applicants for employee registrations and registrants. Having the liaison at an analyst level enables BSIS to better serve individuals seeking company licenses as well as training facility and instructor certifications. An analyst-level liaison also improves BSIS's overall outreach efforts with the California Department of Military, Work for Warriors and other programs that assist veterans.

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

The following are unresolved issues pertaining to the Bureau, new issues not previously addressed by the Committees, new issues raised by the BSIS, and other areas of interest for the Committees to consider. Committee staff have made recommendations regarding various issues or problem areas which may need further action.

ADMINISTRATIVE ISSUES

ISSUE #1: (BREEZE LIMITATIONS) What efforts is the Bureau taking to fix the technical limitations within the BreEZe system?

Background: BSIS transitioned to BreEZe on January 19, 2016. BSIS reports that overall, BSIS's implementation of BreEZe was successful and came without any significant issues that some other entities at DCA encountered. The transition did include a 5-day window where applications and complaints could not be processed. According to the Bureau, nominal application processing delays occurred as a result of issues with the DOJ-BreEZe fingerprint response interface. During the first 12 months after launch, BSIS required several system modifications or enhancements to address some processing issues that came to light upon going live with the system. Modifications to BSIS's BreEZe platform continue with the implementation of new statutory requirements as well as when an opportunity to enhance operational efficiency is identified.

According to BSIS, it utilized lessons learned from the first release of BreEZe to build a BreEZe platform that appropriately aligned with BSIS's business processes, carried out organizational change management activities to mitigate staff issues with adapting to the new technology, and provided BreEZe tutorials and resource documents on BSIS's website to assist applicants and the public with using BreEZe. However, staffing issues were still apparent. In FY 2016/2017, BSIS submitted two BCPs (1111-001 and 1111-002) to address an overall increased licensing and enforcement workload

resulting from a growing licensing population and new cashiering duties arising from BSIS's transition to BreEZe. Although BreEZe has caused numerous issues with licensing and enforcement, the Bureau reports that "The overall benefits of having this new licensing and enforcement system greatly outweigh the additional workload."

Repossession agent initial registrations, baton permits, and both initial and renewal firearms permit applications are not available on BreEZe. Originally, firearms permit applications were available on BreEZe, but due to high deficiency rates with individuals failing to upload a scanned copy of the application, firearms permit applications were discontinued from BreEZe in September 2017. Additionally, it is difficult to search for a PI licensee (as described in *Issue #5*).

Staff Recommendation: *The Bureau should advise the Committee about the efforts the Bureau continues to take to address the technical limitations of BreEZe and their workload response to possible BreEZe updates.*

ISSUE #2: (STAFFING) Is an additional assessment of the Bureau's staffing resources necessary to ensure an appropriate response to BreEZe implementation in the licensing and enforcement units?

Background: Although, workload was assumed to decrease in response to BreEZe's implementation within the Bureau, the opposite has been true. BSIS has conducted workload analyses of BreEZe impact on license application processing times. Ultimately, BreEZe has resulted in longer processing times and increased workload. Since the last sunset review in 2015, BSIS has submitted four separate BCPs to augment both their Licensing Unit and Enforcement Unit in response to BreEZe. However, staffing issues remain in both Units.

Licensing Unit

On July 1, 2015, the Licensing Unit was comprised of 19 authorized positions and as of July 1, 2018, there are 26.5 authorized positions. While the number of licensing staff has increased, there continues to be staff resource issues in certain areas, and BSIS utilizes temporary help and routine overtime to help maintain reasonable application processing times. Additionally, the Licensing Unit is experiencing turnover, citing the inherently heavy workload. Since the prior review, the average number of licenses issued each year has either decreased or plateaued, indicating that a change in licensee population is not a driving factor for increased workload. The Bureau writes that it meets its performance targets in license cycle times overall, yet complaints have been reported to the Committees citing growing licensure delays.

Enforcement Unit

BSIS asserts that one of the biggest challenges the Enforcement Unit has faced is staff turnover due to retirements or promotions and that staff turnover inherently results in case aging and increased investigation times. However, the number of complaints received by BSIS has decreased from FY 2015-16 to FY 2017-18. BSIS also shifted resources in preparation for the launch of BreEZe which increased investigation times and resulted in case aging and a backlog.

Additionally, BSIS cites new laws as a reason their enforcement workload has increased. As an example they state how the rate of non-compliance with the new insurance requirement by private

patrol operator licensees continues to exceed the originally projected rate. Additionally, BSIS claims that a new 2016 law that requires BSIS to inspect newly licensed firearm training facilities within 120 days of licensure and to maintain a program of random and targeted inspections of the facilities is increasing the overall enforcement workload. Initially, BSIS absorbed this function and is now evaluating the workload of enforcement staff.

Staff Recommendation: *As BreEZe continues to undergo updates and changes in response to technical shortcomings, it would be helpful for the Committees to better understand how BSIS projects potential workload challenges and what steps are taken to anticipate BreEZe impacts on workload. BSIS should conduct a workload and staff resource analysis to measure the BreEZe’s effectiveness in handling the licensed population, the effect in lowering the workload of the Licensing Unit staff, and the effect in lowering the workload of the Enforcement Unit staff. The Bureau should advise the Committees on workload reduction expectations, if any, will arise as a result of proposed improvements to BreEZe. It would be helpful for the Committees to understand what the plan is to address challenges facing the Licensing Unit’s workload, as well as other efficiency improvements the Bureau make in processing timelines.*

ISSUE #3: (WEB PRESENCE) Should the Bureau assess its capacity to maintain an appropriate social media presence and modernize its policies relating to advertising?

Background: As part of a thorough review of the Bureau, the Committee checked various social media platforms to assess the Bureau’s web presence. Although the Bureau does not maintain a Twitter or an Instagram account, they do possess a Facebook page. The Bureau’s Facebook page displays comments from disgruntled constituents, including some with foul language. There are numerous complaints launched through the public comment board with no indication of a Bureau response. The Bureau is uncertain the DCA policies surrounding the removal of a web page and whether or not archival proceedings are mandatory.

BCP 7500.1 in the Repossessors Act and 7590.1 in the Alarm Companies Act have different definitions of “advertisement,” and neither include reference to internet-based advertisements. The other practice acts administered by the Bureau do not specifically define “advertisement.” However, most companies regulated under the BSIS’s six practice acts do maintain a web presence to advertise and conduct business. Some even use social media (with the #bsis) to promote their work. There are no obvious statutes or regulations that define internet behavior.

Staff Recommendation: *The Bureau should evaluate policies surrounding social media, advertising, and web-based promotion within the industries it regulates.*

BUDGET ISSUES

ISSUE #4: (FUNDS) Should the Bureau analyze the tradeoffs and benefits of combining the Private Security Services Fund with the Private Investigator Fund?

Background: When the six Acts regulated under the Bureau merged, so did most of their funds. However, the Private Investigator Fund remains separate from the Private Security Services Fund. The

licensee population described in the Private Investigator Act has historically, and currently, preferred a separate fund as a means of hopefully prevent their fees from subsidizing other licensee populations and to prevent their relatively small licensee population from being overlooked in comparison with larger licensee populations within the Bureau.

However, balancing two budgets and maintaining two separate funds adds inefficiency and increases workload. Moreover, it has led the Bureau to conduct two separate audits since the last sunset review. If the funds were merged, one audit would have sufficed and presumably would have consumed less staff time within both the Bureau and the Department of Consumer Affairs.

Moreover, the Private Investigator Fund has experienced ongoing revenue/expenditure imbalance. In response, the Bureau contracted with an independent auditor (a second time) to perform an operational audit of the BSIS's revenues and expenditures associated with the Private Investigator Fund. The Auditor's Performance and Fee Report identified a fee structure that would bring in at least \$1.42 million in annual revenue by FY 2022-23, which would provide for a 5.2-month reserve by the end of that fiscal year. Given the imminent need to increase revenues, BSIS is working on options to address this issue.

Lastly, both funds are curiously paying DCA pro rata, but at different rates. For the last four fiscal years, the Private Security Services Fund has averaged expending approximately 49% on DCA pro rata, while the Private Investigator Fund has averaged 24%.

Staff Recommendation: *The Bureau should conduct a cost/benefit analysis regarding combining funds, reporting on the effect of licensing fees, pro rata calculations, and staffing efficiencies. The Bureau should inform the Committee of its plan to pursue fee increases within the Private Investigator Act. It would be helpful for the Committees to better understand how staff resources and allocations are funded and whether there is true separation of the staff workload based on fund type.*

LICENSING ISSUES

ISSUE #5: (PRIVATE INVESTIGATOR LICENSING) Should the Bureau review how private investigators licensing is structured?

Background: Private Investigator licenses are company licenses, which can be held by the Sole Proprietor or by a Corporation. This may create confusion for consumers and has led to technical issues in BreZE where a PI licensee may be searchable by their company name, but not the individual investigator's given name. Additionally, employees of PI companies are not required to register with the Bureau, making them impossible to search on BreZE or regulate, despite the fact that many perform official duties described in the Act as a part of their job. It is unclear whether PI employees could carry a firearm since they are not licensees governed under the Private Investigator Act.

Additionally, the pocket cards outlined in BCP 7529 administered to Private Investigator licensees have been reported to be of low quality, with poor resolution images of licensees and no printed expiration date. These issues make it difficult for a consumer to verify the validity of a PI who may be contracting with them or pursuing them. During the 2015 sunset hearing, the sloppiness of PI license

cards was brought forward by a licensee, yet issues surrounding the cards remain. Moreover, two separate cards are issued to PIs—a pocket card and a license—creating confusion and inefficiency.

Staff Recommendation: *The Bureau should advise the Committees on efforts to make PIs searchable on BreEZe and whether additional steps are necessary to make this change. The Bureau should advise the Committees why PI employees are not registered and whether enhanced consumer protection may result if these employees were registered. The Bureau should ensure quality in content and the physical card for PI licenses, may need to consider combining duplicative cards, and should provide the Committees information about a plan to update these cards.*

ISSUE #6: (BATON PERMITS) Should the Bureau evaluate its baton permitting structure?

Background: The Private Security Services Act authorizes the issuance of a BSIS baton permit to a security guard registrant. Baton permit applicants must complete a training course delineated in the BSIS *Baton Training Manual*. All bureau-certified baton training instructors must carry out the training in accordance with the *Manual*'s instructions and content. The permits are issued as secondary licenses, through a Bureau-certified baton training facility, to the security guard registrant or security guard registration applicant. The training facilities obtain the permits from BSIS. Upon completion of a baton training course and the issuance of the baton permit to attendees, the training facility submits the course roster to BSIS, where staff officially associate the permit with the guard registration in BreEZe. Pursuant to current law, a baton permit never expires; however, by operation of law, the baton permit is automatically suspended if the security guard registration to which it is associated becomes invalid (i.e. expired, cancelled, suspended or revoked).

Although batons are not explicitly listed as a deadly weapon in the BCP 7500.1(h) or 7590.1(h). However, the definition of a “deadly weapon” includes “billy, sandclub...or any metal pipe or bar used or intended to be used as a club.”

Staff Recommendation: *Due to the serious nature of baton use, the Bureau should evaluate its baton permitting structure and inform the Committees as to why batons are not specified as deadly weapons.*

ISSUE #7: (READINESS ASSESSMENT) Has the assessment, designed to increase public and consumer protection, been implemented as intended?

Background: In response to issues raised in the prior sunset review, SB 1196 (Hill, Chapter 800, Statutes of 2016) and SB 547 (Hill, Chapter 429, Statutes of 2017) established the requirement, which went into effect July 1, 2018, for an applicant of a BSIS firearms permit who is a BSIS security guard registrant to complete an examination designed to demonstrate that he or she is capable of exercising appropriate judgment, restraint, and self-control for the purposes of carrying and using a firearms while on duty effective as a condition for the issuance of a permit.

To create the readiness assessment, BSIS contracted with a subject matter expert (SME), a California-licensed psychologist with experience in performing psychological evaluations, psychodiagnostics and risk assessments. The SME reviewed scientific journals, assessment procedures, assessment test publishers, a peace officer psychological manual, and several personality

tests. The SME identified requisite criteria and determined that the “16 Personality Factor Questionnaire” (16pf) was the appropriate assessment tool.

The 16pf was created in 1949, but has undergone updates and is currently on its 5th edition. BSIS contracted with PSI Services LLC to administer the 16pf and develop a cut score standard that demonstrates an applicant is capable of exercising appropriate judgement, restraint, and self-control for the purpose of carrying and using a firearm while serving as a security guard. The initial cut score identified assessed emotional adjustment, integrity/control, intellectual efficiency, and interpersonal relations. Since interpersonal relations are not statutorily mandated or necessary, PSI conducted a case study to align the 16pf results with the required attributes defined by law. The case study entailed a random sample of 100+ 16pf PSR profiles for PSI’s 2017 private security industry database and was reviewed by a team of 12 doctoral level licensed psychologists with relevant expertise. PSI identified four potential cut scores and applied them to a simulated real-world sampling of 4,000+ 16 pf PSR profiles. The BSIS SME reviewed the case study and determined an appropriate cut score based on it having the highest level of statistically diagnostic accuracy in identified a person with the required statutory attributes.

PSI Services LLC administers the 16pf to an individual at a cost of \$60.00. PSI is considered an industry leader in administering licensing, credentialing and public safety tests and has 23 testing centers located throughout California where the assessment can be taken.

Due to the six to eight-week application processing times, BSIS began issuing notices to applicants to schedule their assessment appointments the beginning of September 2018 and PSI Services LLC, the vendor on contract to administer the assessments, began administering the assessment on September 10, 2018. From this date through January 31, 2019, 1,378 individuals have completed the assessment with the passage rate of approximately 88%.

In FY 2017-18, the Bureau received 53 incident reports, 28 of those related to the discharge of a firearm. From July 1, 2018 to-date (February 8, 2019), the Bureau has received 33 incident reports, 14 of which are related to the discharge of a firearm. The first individual to take the assessment did so on September 11, 2018 and since then, the Bureau has received 10 incident reports related to a discharge of a firearm. As such, not enough time has passed to gauge the effect of the assessment on incidents relating to the discharge of a firearm.

Staff Recommendation: *The Bureau should continue to inform the Committees on the implementation of the assessment requirement. The Bureau should evaluate whether public protection could be enhanced if other license types that may apply for firearms permits were required to undergo a similar evaluation.*

ISSUE #8: (LICENSING OF LIMITED LIABILITY COMPANIES) Should the Bureau report on the use of the liability insurance held by licensees organized as limited liability companies?

Background: BSIS licenses for Alarm Companies, Private Investigators, and Repossessors may be issued to limited liability companies (LLCs). Alarm Company LLCs and Private Investigator LLCs must hold specified liability insurances as a condition of licensure. The ability to license Alarm Company LLCs will sunset January 1, 2024. The ability to license a Private Investigator LLC will sunset January 1, 2021. There is no such stipulation for Repossessors.

Pursuant to BCP 7520.3(g), Private Investigator LLCs must report paid or pending claims against its liability insurance to the Bureau, which shall post a notice of the claim on the BreEZe website. Similarly, pursuant to BCP 7599.34(h), on and after January 1, 2019, Alarm Company LLCs must report annually to the Bureau the date and amount of any claims paid, during the prior calendar year, from any general liability insurance policy. The first reports are due March 1, 2019.

Staff Recommendation: *The Bureau should evaluate whether there is need for repossessors organized as LLCs to be similarly required to hold and report on use of their liability insurance as other license types are required to do. The Bureau should report to the Committee on the data collected thus far on claims filed against all LLC license types for which information is available, and advise the Committees as to the reason for any gaps in information.*

ISSUE #9: (PRIOR WORK HISTORY) Is it appropriate for the Bureau to be made aware of incidents in an applicant’s past that may impact their success as a BSIS licensee?

Background: A large portion of the Bureau’s licensee population consists of prior law enforcement personnel. The issue of former law enforcement personnel no longer working in that capacity due to inappropriate use of force, incidents with weapons, or other factors that appear directly related to work as a BSIS licensee has been highlighted in various media reports, and was raised during the prior review. The Bureau states that it currently does not have a mechanism to be made aware of such incidents that occurred during an applicant’s prior employment, and asserts that researching employment history, including potentially having to verify information with employers, would be both too time-consuming for its staff and subject to potential confidentiality barriers, as many law enforcement personnel records are confidential.

Currently, law enforcement officers who are fired due to concerns about excessive or inappropriate use of physical force can become a Bureau licensee relatively easily yet may be subsequently faced with similarly challenging situations in their course of duties as a licensee, including those where they must decide on the appropriate action to take and/or proper use of force. These individuals may, in addition to licensure, apply for and receive a Bureau-issued firearms permit without the Bureau or public being made aware of potentially very relevant history.

Staff Recommendation: *The BSIS should advise the Committees of steps it takes to ensure public protection, including potential means by which it could proactively be aware of incidents involving former law enforcement applicants.*

ISSUE #10: (FIREARMS AND BATON TRAINING) Should the Bureau evaluate its structure surrounding firearms and baton training?

Background: Any institution, firm, or individual seeking BSIS’s certification as a firearms or baton training facility must complete an application that includes: (1) the name and location of the entity; (2) the places, days, and times the course will be offered; (3) an estimate of the minimum and maximum class size; (4) the location and description of the range facilities; and (5) the names and certificate numbers of 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.

Firearms or Baton Training Instructor Applications include a completed application and DOJ/FBI criminal offender record information directly from DOJ, proof of a postsecondary degree in specified subject area and proof of a specified firearms or baton training instructor certificate or experience as an instructor is required. An additional condition for obtaining BSIS certification for Firearms Training Instructors is the possession of a police or security firearms instructor training certificate from the National Rifle Association (NRA), or a firearms instructor training certificate from a federal, state or local agency. However, there is no continuing training requirement to renew the instructor training certificate, nor is there a requirement for the individual to provide proof that he or she continues to hold a current NRA or public agency certificate.

There is no statutory requirement for BSIS to inspect baton training facilities; however, they may be inspected as part of an investigation. BSIS is statutorily mandated to inspect a firearms training facility within 120 days of initial certification and to maintain a program of random and targeted inspections of them. BSIS has the statutory authority to suspend or revoke a firearm/baton training school's certification for violations of the law. Also, BSIS has the ability to cancel the approval of a certified instructor.

The initial firearms training and baton training courses and continued firearms training courses offered by a bureau-certified firearms training facility must comply with the content and format specified in BSIS's *Firearms Training Manual* or *Baton Training Manual*. However, it is unclear if either training facility is required to provide its specific course materials to BSIS for approval, how that may be done, and whether there are BSIS policies surrounding appropriate content.

BSIS adopted regulations, which became operative on January 1, 2017, to prohibit the use of a firearms simulator for the initial training and to limit their use for re-qualification to no more than one time per each 12-month period of the permit's two-year term, providing the simulator met specified requirements to provide a realistic imitation of an actual firearm.

Staff Recommendation: *The Bureau should evaluate the comprehensiveness of the requirements to receive and maintain a Bureau Firearms or Baton Training Instructor Permit, and whether oversight into their training curriculum is warranted. The Committees may wish to require the Bureau to evaluate baton training facilities in a similar manner to the inspections conducted for firearms training facilities. The Committees may wish to determine whether the Bureau should have more oversight over the training and course materials provided by the training facilities.*

ISSUE #11: (FIREARMS PERMIT RENEWAL) Should the Bureau evaluate its structure surrounding firearms and baton training?

Background: Current law requires that a firearms permit not be renewed until BSIS receives DOJ notification that the permitholder is not prohibited from possessing a firearm. To renew the permit, the BSIS staff forwards the DOJ Firearms Qualification Applicant Form via U.S. Mail to DOJ. Although the law requires the DOJ to provide a response within 30 days, this often does not happen. The Bureau states that it is open to exploring with the Committees whether the actual renewal of the permit should be held pending DOJ response, given that the DOJ notifies BSIS of triggering events on a rolling basis for current permitholders and BSIS has the statutory authority to automatically revoke a firearms permit.

Staff Recommendation: *The Bureau should report to the Committees on ways it can address its licensing guidelines to provide room for a lag from the DOJ so that permits are not unduly held without forgoing a DOJ Firearms Qualification Applicant Form.*

ENFORCEMENT ISSUES

ISSUE #12: (VIOLENT INCIDENT REPORTING AND RESPONSE) What steps can the Bureau take to be more proactive regarding violent incidents involving licensees? Is there more the Bureau should be doing to ensure public protection by evaluating these incidents?

Background: During the prior sunset review, the Committees asked for more information regarding firearms incidents and determined that the Bureau should develop new reporting protocols to ensure they are made aware of shooting incidents, beyond the practice of relying on licensee and employer self-reporting. SB 1196 (Hill, Chapter 800, Statutes of 2016), which went into effect January 1, 2017, clarified the requirement for a private patrol operator to report an incident with a firearm to BSIS, updating the law to ensure that these incidents are reported to the Bureau within seven days by employers when a security guard employee discharges a firearm while on duty. The measure also increased the fine amount that may be imposed against the private patrol operator for failing to provide the notification as required.

In addition to the self-reporting requirement for guards and private patrol operators, BSIS also relies on media stories, law enforcement tips, and complaints from the public or other licensees to initiate investigations of an armed guard discharging their firearm while on duty.

BSIS recently created a specific BreZE enforcement code relating to firearm discharges to better track the information. The Bureau reports that from July 1, 2016 to June 30, 2018, there were 13 reported firearm discharge incidents that involved an on-duty security guard. The average reporting time for those 13 cases was 7.8 days.

The Bureau asserts that it has taken steps aimed at increasing reporting and BSIS awareness of incidents, including working with the Advisory Committee to develop a BSIS pocket card detailing the licensing requirements for security guards, private patrol operators, proprietary private security officers and proprietary private security employers. The card includes information on how law enforcement can report any violent incidents with licensees directly to a dedicated BSIS email account. According to BSIS, enforcement staff have presented this pocket card at various law enforcement-related venues throughout the state.

BSIS previously advised the Committees that the Private Investigator Act, unlike the Private Security Services Act, the Collateral Recovery Act and the Alarm Company Act, does not require the licensee to report any violent incident or discharge of the firearm that occurred while on duty. There have been no related statutory changes made since that last report.

In response to violent incidents that may be of criminal nature, the Bureau asserts that it lacks the statutory authority to revoke licenses in a timely manner because they often must wait for a conviction. As noted above under *Prior sunset reviews: Changes and improvements*, SB 1196 provided BSIS the authority to seek an emergency order against a firearms permit holder if BSIS's investigation determines the permitholder "presents an undue hazard to public safety". It is unclear

whether BSIS exercises this broad authority to take swift action, or if the Bureau waits for an actual conviction to determine that there is a hazard to public safety. Particularly given the public safety implications of delayed Bureau action, it would be helpful for the Committees to better understand what steps BSIS takes, and when, to ensure that potentially dangerous licensees are not able to continue to engage with the public as an armed guard.

Moreover, as was noted during the prior review, there is no equivalent to the “administrative leave” law enforcement may take in the wake of violent incidents. The Private Security Services Act and the Locksmith Act give the Bureau the authority to automatically suspend licenses or registrations in the wake of criminal *convictions* related to their professions. The Alarm Company Act is a bit more flexible, and authorizes the Bureau to automatically suspend alarm company operator licenses, alarm company qualified manager certificates, and alarm agent registrations or their firearms permit if it is determined that the continued possession of the licenses presents an *undue hazard to public safety* which may result in substantial injury to another.

The prior sunset review asked for follow-up about the resources provided and the guidelines for support to licensees involved in violent incidents. Professional law enforcement officers are often asked to take administrative leave in the wake of incidents that involve the discharge of a weapon. There is currently no equivalent for BSIS licensees who may experience very similar circumstances and need time to debrief and process.

Staff Recommendation: *The Bureau should report to the Committee on the effects legislation that strengthened self-reporting requirements had on the number of incident reports filed. The Bureau should inform the Committee on how often firearms incidents are found to go unreported prior to the Bureau learning of incidents through media, law enforcement, or otherwise. The Bureau should also consider adding BreEZe enforcement codes relating to other violent incidents, such as physical altercations, non-lethal chemical weapons use, and baton use. The Bureau should inform the Committee how it has used its authority granted in SB 1196. The Bureau should also inform the Committees about resources and mental health guidelines in place and available to an individual or entities involved in an incident involving an armed guard.*

ISSUE #13: (UNLICENSED ACTIVITY) Can the Bureau adequately address the problems concerning unlicensed persons or companies acting within the six practice acts they regulate?

Background: According to BSIS, unlicensed activity cases are difficult to investigate because the businesses and individuals are operating in a manner to elude regulatory oversight. In addition, the Bureau asserts that complainants often lack sufficient identifying information about the unlicensed individual or business to enable BSIS to pursue the issue. Despite these challenges, BSIS reports that it continues to explore opportunities to combat unlicensed activities in the industries it regulates.

Bureau enforcement has been conducting outreach and education across the state with local jurisdictions and statewide law enforcement entities educating them on licensing requirements and unlicensed activity. The Bureau reasons that because an informed consumer is the best deterrent to unlicensed locksmith and alarm company activities, BSIS has updated its locksmith and alarm consumer brochures and developed a new brochure for law enforcement personnel relating to the licensure requirements for security guards, private patrol operators, proprietary private security officers and proprietary security employers. The Bureau believes that educating more entities will result in

more instances of unlicensed activity being reported to the Bureau and the Bureau being able to bring operators into compliance.

BSIS also works with local law enforcement, District Attorney Offices, Employment Development Department, the Department of Insurance, and the Department of Alcohol and Beverage Control regarding Bureau-related unlicensed activities. Also, BSIS has the authority to issue administrative citations for unlicensed activity with a fine amount up to \$5,000.

In FY 2017-18, the Bureau received 196 complaints alleging unlicensed activity. For FY 2018-19 to date (July 1, 2018-February 1, 2019), the Bureau has already received 110 complaints alleging unlicensed activity, placing the Bureau on par to exceed previous FY's numbers providing more opportunities to address unlicensed activity.

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

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

ISSUE #14: (ENFORCEMENT STATISTICS) What accounts for the small number of enforcement actions taken by BSIS, given the magnitude of its licensing population?

Background: Of the over 433,000 licensees regulated by the Bureau, the five most common violations for which BSIS issued a small number of citations over the four year period between July 1, 2014 through June 30, 2018 were: Administrative/Technical (65), Unlicensed Activity (54), Personal/Unprofessional Conduct (47), Weapons Violations (11), and Contract Terms/ Failure to Provide Service (7). During those four years, numerous complaints were received and the BSIS received about 87,000 reports of licensee convictions. As detailed under *Enforcement Data Trends* above, numerous licenses were denied and formal disciplinary actions were initiated. However, the total number of citations issued over this period was only 237, and only a fraction of the associated fines have been collected. It would be helpful for the Committees to better understand enforcement trends and whether BSIS needs additional tools and resources to effectively oversee its licensees.

Staff Recommendation: *The Bureau should inform the Committee about enforcement priorities, what steps have been taken since the prior sunset review to boost enforcement efforts, why so few citations are issued, and what potential tools and resources BSIS may need in order to take swift and timely enforcement actions.*

TECHNICAL CHANGES

ISSUE #15: (TECHNICAL CHANGES MAY IMPROVE EFFECTIVENESS OF THE ACTS ADMINISTERED BY BSIS AND BUREAU OPERATIONS.) There are amendments to the various practice acts that are technical in nature but may improve Bureau operations and the enforcement of those laws.

Background: There are instances in the Alarm Company Act, Locksmith Act, Private Investigator Act, Private Security Services Act, Proprietary Security Services Act, and Collateral Recovery Act where technical clarifications may improve BSIS operations and application of the statutes governing the Bureau's work.

Staff Recommendation: *The Committees may wish to amend the various acts to include technical clarifications.*

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

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

Background: Since the prior sunset review and in response to legislation, the Bureau of Security and Investigative Services has taken steps to improve its abilities to protect California consumers. However, there are outlying issues that still need to be addressed, specifically regarding the Bureau's ability to adequately vet and train licensees who may bear arms, and its ability to properly respond to violent incidents through a robust and proactive enforcement program. The Bureau still appears to be mostly reactive to complaints, media accounts, and its reliance on licensee self-reporting, versus taking proactive measures to prevent bad actors from operating within the industries they regulate. This likely indicates that the BSIS does not have the full picture of its licensees, including important information that can directly impact public safety. The Bureau needs to take more active steps to ensure swift, timely knowledge and action about its licensees. However, if the Bureau is eliminated entirely, consumer safety and the greater public would be vulnerable to more predatory companies and armed guards who would not be held accountable with specific training requirements.

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