



Bureau of Security and Investigative Services
Advisory Committee Meeting Minutes
For February 14, 2019 Meeting

Department of Consumer Affairs
1625 North Market Blvd, Sacramento, CA 95834

Industry Members Present

Brian Boeglin (Alarm Company Industry)
Frank Huntington III (Private Investigator Industry)

Public Members Present

Anton Farmby
Todd Inglis
Lynn Mohrfeld
Eli Owen
Stanton Perez

Members Absent

Simon Cruz (Training Facilities Industry)
Nancy Murrish (Public Member)

Bureau Staff Present

Darrel Woo – Chief
Gloriela Garcia – Deputy Chief, Licensing and Policy
Matt Bowden – Manager, Disciplinary Review Unit
Antoine Hage – Manager, Policy and Administration Unit
Jessica Combs – Supervisor, Licensing Unit
Malcolm Soneja – Supervisor, Licensing Unit
Dawn Hall – Analyst, Policy and Administration Unit
Nicole Ishiura – Analyst, Policy and Administration Unit

Department Staff Present

Dean R. Grafilo – Director
Christopher Shultz – Chief Deputy Director
Karen Nelson – Assistant Deputy Director, Office of Board and Bureau Services

Minutes Taken By

Nicole Ishiura

1. Call Meeting to Order

Meeting called to order by Bureau Chief Darrel Woo at 10:04am.

2. Introduction and Swearing in of Advisory Committee Members Brian Boeglin, Stanton Perez, and Anton Farmby by Department of Consumer Affairs Director Dean R. Grafilo

This item was partially taken out of order as Member Farmby was not present at the beginning of the meeting. Chief Woo noted that Director Grafilo had other appointments, which limited the time he could devote to the Bureau's Advisory Committee Meeting. The Chief exercised the power of the chair, asking Director Grafilo to swear in Members Boeglin and Perez, and noted that Member Farmby would be sworn in at a later time.

Director Grafilo swore in Members Brian Boeglin, who represents the Alarm Company Industry, and Stanton Perez, who represents the public at 10:06 am. After the commencement of agenda item 12, Chief Woo introduced Department of Consumer Affairs Chief Deputy Director Chris Shultz and explained that the Chief Deputy Director would swear in Member Anton Farmby as he had arrived late to the meeting and was not present when the Director swore in Members Boeglin and Perez. Chief Deputy Director Shultz swore in Member Farmby, who represents the public, at 11:30am.

3. Roll Call/Establish Committee Quorum and Pledge of Allegiance

This item was partially taken out of order as the Committee had not reached quorum due to Member tardiness. The Pledge of Allegiance was conducted after Director Grafilo's statement (Item 3); however, the roll was not called until after the Legislative Update portion of the Bureau Chief's Update (Item 6).

Chief Woo noted that the Committee had not reached quorum and as such, only agenda items that do not require a quorum would be discussed. He then asked Member Huntington III to lead the Committee and attendees in the Pledge of Allegiance.

A total of 5 Committee Members were present at the start of the meeting. Member Eli Owen, who represents the public, arrived late to the meeting at 10:12am. Member Anton Farmby, who represents the public, was also late and arrived at 10:27am. As quorum was not met until both Members arrived, roll was taken and quorum established with 7 Members at 10:48am.

4. Statement by Department of Consumer Affairs Director Dean R. Grafilo

This item was taken out of order- it followed the swearing in of Members Boeglin and Perez (Item 2).

Director Grafilo provided an update on the Department of Consumer Affairs (Department or DCA). He noted that the Department held multiple collaborative meetings that emphasized open dialogue amongst the Department's many Boards and Bureaus. Director Grafilo then provided an overview of the Department's *2018 Annual Report*, which provides statistical and financial records of the Department, its Boards, and its Bureaus and is available on the Department's website. He noted the transition in leadership from former Governor Edmund G. Brown, Jr. to Governor Gavin Newsom and expressed his eagerness to work with the new administration. The Director briefly outlined the Governor's Budget and noted that Department leadership had met to review the impact to DCA and its Boards and Bureaus. He reassured the Committee that the Department's Fiscal Operations had already met with the Bureau to discuss how the budget specifically impacts BSIS. He then informed the Committee of the upcoming Director's Quarterly Meeting where he will discuss the Department's Regulations Unit, the Executive Office Salary Study, and multiple division updates.

The Director reminded the Committee that 2019 is a mandatory sexual harassment prevention training year, which requires Committee members and DCA employees to complete the training regardless of whether they completed the training last year. He then noted that the Bureau is one of ten DCA Boards or Bureaus undergoing a Sunset Review this year and offered the Bureau support and guidance.

Director Grafilo opened the floor to questions.

Chief Woo asked if there were any questions for Director Grafilo. After receiving no questions from the Committee and audience but before dismissing the Director, the Chief asked whether Member Farmby had arrived. As Member Farmby was not present, Director Grafilo was unable to swear him in.

5. Review and Approval of Minutes from October 11, 2018 Meeting

This item was taken out of order as the Committee had not reached quorum due to Member tardiness. This agenda item followed the Roll Call (Item 3).

Chief Woo noted that the review and approval of the minutes from the October 11, 2018 BSIS Advisory Committee meeting requires a quorum and given the insufficient number of Members present, the agenda item would be addressed at a later time.

After quorum was established at 10:48, the Chief stated that the minutes from the October 11, 2018 Advisory Committee meeting were posted to the Bureau's website and asked the Members if they had any comments or corrections to the record. Upon receiving no comments from the Members, the Chief entertained a motion to approve the minutes from the previous meeting. Member Stanton Perez,

who represents the public, made a motion to approve the minutes and Member Frank Huntington III, who represents the Private Investigator Industry, seconded the motion. The motion to approve the minutes passed on an 7-0 vote at 10:49am.

6. Bureau Chief's Welcome Remarks and Bureau News and Updates

The Chief welcomed the Committee then proceeded to present the Bureau's latest data from its Licensing, Enforcement, and Policy Units.

Licensing Update: Chief Woo provided the latest licensing statistics that examined the first two quarters (Q1, Q2) of fiscal year (FY) 2018/2019 and compared the data to the Q1 and Q2 of FY 2017/18. From July 1, 2018 to December 31, 2018 the Bureau received 39,792 initial and 52,378 renewal applications, which averages to roughly 6,632 initial and 8,730 renewal applications per month. In Q1 and Q2 of FY 2017/18, the Bureau received 42,351 initial and 52,832 renewal applications, which reflected a 6% decrease in initial applications. Overall, the BreEZe participation rate was 67% for initial applications and 48% for renewal applications. He encouraged the Industry to persuade its members to utilize the services available in BreEZe given its quicker turnaround times.

The Chief reported that the BreEZe participation rates for Security Guard applicants and registrants were consistent with previous reporting periods- 86% for initial applications and 58% for renewal applications. He noted that BreEZe participation rates have increased for some BSIS license types with Alarm Agents currently submitting 87% of initial and 61% of renewal applications online; he compared these data points to the first two quarters of the previous fiscal year in which 62% of initial and 50% of renewal Alarm Agent applications were submitted online in BreEZe. Proprietary Private Security Officers (PSOs) have also seen a slight rise in BreEZe participation, submitting 37% of all initial applications and 24% renewal applications online. The first two quarters of the previous fiscal year showed a BreEZe participation rate of 32% for initial and 12% for renewal PSO applications. He noted that Locksmith Employee BreEZe participation rates have remained flat on initial applications but have increased for renewal applications. Initial Firearms Permit applications continue to decrease- the Bureau received 4,932 Firearms Permit initial applications in the first two quarters of FY 2019/20; however, Firearms Permit renewal applications remain consistent with previous reporting periods with the Bureau receiving 5,730 renewal applications in the first two quarters of FY 2019/20.

Chief Woo provided the Committee with the latest statistics regarding the firearms assessment: a total of 3,397 applicants were eligible to take the assessment and were issued letters of eligibility to take the assessment. Of those applicants, only 1,378 have completed the assessment with 1,207 deemed capable (88% passage rate) and 171 deemed incapable of demonstrating that they possess appropriate judgement, restraint, and self-control for the purposes of carrying a firearm on duty.

As of January 31, 2019, a total of 143 applicants have appealed their assessment results.

Chief Woo asked if there were any questions regarding the Licensing Update; no questions were raised.

Enforcement Update: Chief Woo stated that from July 1, 2018 to January 31, 2019, the Bureau's enforcement staff have completed 67 company inspections: 49% of the inspected companies were Private Patrol Operators, 21% were Firearms Training Facilities, 13% were Alarm Company Operators, 13% were Repossession Agencies, and 3% were Baton Training Facilities. The Chief emphasized that the Bureau strives to increase the number of inspections. He assured the Committee that new staff have been hired and are being trained, student assistants are being utilized in the Enforcement Unit, and a new Manager position was created to reduce investigation times and increase production; however, he noted that staffing continues to be a challenge for the Bureau.

Chief Woo asked if there were any questions regarding the Enforcement Update; no questions were raised.

Legislative Update: Chief Woo focused on a single bill that impacts the Bureau and the Private Security Industry – AB 2138 (Chiu and Low), which was recently signed into law by former Governor Edmund G. Brown, Jr. He explained that AB 2138 limits disciplinary action for criminal convictions older than 7 years and applies to many of the Department's Boards and Bureaus. He stated that the Bureau is required to develop regulations to implement the provisions of the bill and noted that the Bureau is in the process of developing those regulations. Chief Woo then introduced Matt Bowden, Manager of the Disciplinary Review Unit, who further discussed the implications of the bill.

Mr. Bowden explained that his Unit is responsible for reviewing the criminal records of applicants and making the determination of whether the applicant should be denied or approved for a license based on their criminal history background and any evidence of rehabilitation. He provided background on the history of the legislation, noting that previous iterations of the bill dismissed convictions older than 5 years and only required the reporting of violent felonies, which was much more restrictive than the ratified version that dismisses convictions older than 7 years with the exception of serious felonies. He reassured the Committee that the bill, as signed into law, largely mirrors the Bureau's current business practices. Mr. Bowden explained that AB 2138 defines a serious felony as the crimes outlined in Penal Code (PC) Section 1192.7 along with the higher two tiers of sexual registrants (PC Section 290). He reiterated that the framework set in place by AB 2138 is very similar to what the Bureau is currently using to determine fitness for licensure.

Mr. Bowden noted that the Bureau does not typically receive evidence of rehabilitation when an individual is submitting an application for licensure; however, the Bureau's appeal process allows applicants to challenge the Bureau's determination. The Bureau has disciplinary review committees (DRCs), whose members are appointed by the Governor and who provide an expedited review process where an individual who was denied licensure is able to present evidence of rehabilitation. He noted that the applicant is also afforded the secondary appeal process- an administrative law hearing.

AB 2138 also allows the Bureau to base the denial of an application on disciplinary actions taken against the applicant by another licensing board in and/or outside of California. He noted that this resembles the Bureau's current practice, especially as it pertains to instances in which disciplinary action was taken against the applicant due to criminal conviction(s).

Mr. Bowden reiterated that the passage of AB 2138 will not reduce the Bureau's ability to protect California residents and consumers as its provisions parallel current business practices. He argued that by placing the requirements in statute and the Bureau's creation of regulations, applicants for licensure in California will be subject to uniform and consistent standards.

Mr. Bowden asked the Committee if they had any questions regarding AB 2138.

Member Boeglin asked whether the language that requires crimes to be substantially related is limited to crimes that were committed within the past 7 years.

Mr. Bowden stated that a crime that is substantially related can be considered up to seven years if it is not a serious felony; however, if it is a serious felony, it can be considered indefinitely. He noted that the crime does not automatically mean the individual's application for licensure will be denied- only that the crime will be reviewed by Bureau staff.

Member Boeglin asked whether the review of an applicant's criminal history background is subjective.

Mr. Bowden said that the Bureau's regulations require a determination to be based on the seriousness of the crime, the passage of time, and other considerations such as the individual's behavior while on probation. He noted that the Bureau's regulations will be updated to align with the statutory language of AB 2138.

Member Boeglin asked whether the regulations will include a list of specific crimes that will bar licensure and stated that the Alarm Industry has been looking for guidelines on what would bar licensure. He also asked whether the regulations would state non-serious crimes that could potentially bar licensure.

Mr. Bowden stated that the regulations are in the early stages and deferred to the Policy Unit. He mentioned that he not believe a list of crimes would be included as evidence of rehabilitation could change the Bureau's decision on whether to deny an application.

Member Boeglin stated that the Bureau does not have jurisdiction over fire alarm systems or fire components; however, the Alarm Industry is involved in installing those systems. He asked whether arson, despite not directly being related to the regulatory oversight of the Bureau, is considered in the denial of licensure.

Mr. Bowden reiterated that the Bureau does not have a list of crimes that bar licensure with the Bureau. He explained that a decision would be contingent on whether the crime was a felony or misdemeanor and whether there is a history of arson as it could demonstrate, through the applicant's criminal history, that the individual is unable to control their aggressive behavior. Ultimately, he noted the Bureau would ask for evidence of rehabilitation to ensure that the behavior will not continue as the public is to be protected.

Chief Woo commented on Member Boeglin's question referencing the subjectivity of the Bureau staff when determining an applicant's fitness for licensure. He noted that the staff in the Disciplinary Review Unit objectively review applications and stated that he follows the reasonable person standard that asks what a reasonable person would take into consideration when reviewing an application- if there is a nexus between the license type for which an individual is applying and crimes that have been previously committed or if there is evidence of rehabilitation, the Bureau will review the information. He also noted that an applicant who commits a single crime is scrutinized differently than someone who has a consistent criminal history.

Mr. Bowden added that the Bureau has reviewed arson charges that were committed in the distant past with other crimes that would lead a reasonable person to believe that the applicant may have been leading a transient lifestyle at the time and set fires for warmth.

Chief Woo stated that the Bureau looks at the totality of the circumstances. He then noted that Private Investigators are also subject to review of any financial crimes they may have committed.

Mr. Bowden clarified that financial crimes, as they pertain to Private Investigators, may be considered even if the convictions are older than 7 years.

Mr. Bowden then provided insight into the workload of the Bureau's Disciplinary Review Unit (DRU), noting that of the 6,632 initial applications received in Q1-Q2 of FY 2019/20, approximately 20% of the applicants had a criminal history. Therefore, DRU staff are reviewing criminal history responses under the current

guidelines for approximately 1,300 – 1,400 applications per month. He emphasized that the Bureau wants to see an applicant's evidence of rehabilitation and shared that most of the licensing population is unaware that they can optionally provide that information at the time of applying. He also noted that the bill prevents the Bureau from requiring applicants to disclose their criminal history background or provide evidence of rehabilitation; however, the Bureau notifies applicants in the denial letters. Mr. Bowden anticipates additional information to be posted on the Bureau's website and foresees outreach to the Industry to review the anticipated impact of AB 2138.

Chief Woo noted that the changes to the website and future outreach are efforts meant to expedite application review.

Member Boeglin referenced the current *Application for Alarm Company Agent*, which includes a temporary registration that allows the applicant to work up to 120 days as an Alarm Company Employee (ACE) if the application has been submitted to the Bureau and the applicant has not been convicted of a crime. He asked whether the question asking the applicant about their criminal history will be removed from the application.

Mr. Bowden stated that the Bureau is not able to inquire into an applicant's criminal history and posited that the questions will be revised on all of the Bureau's applications, although he was not certain. However, he noted that AB 2138 did not change the law that prevents an individual from working on a temporary ACE registration if the applicant has a criminal history. Thus, the responsibility is transferred to the employer to request criminal history information as a condition of employment or complete their own background check to ensure that the individual does not have a criminal history.

Member Boeglin read Penal Code Section 480(e), which was added as a result of AB 2138 and is operative effective July 1, 2020:

"A board may deny a license regulated by this code on the ground that the applicant knowingly made a false statement of fact that is required to be revealed in the application for the license. A board shall not deny a license based solely on an applicant's failure to disclose a fact that would not have been cause for denial of the license had it been disclosed."

Member Boeglin then stated that an ACE may work with a temporary registration contingent on the applicant indicating that they have not been convicted of a previous crime. He stated that if an ACE applicant were to deny that they have a criminal history on their application, they would be lying for the purposes of temporarily being registered as an ACE until they get the denial. He suggested that the Bureau review how to implement PC 480(e) as it pertains to the ACE registration.

Chief Woo thanked Member Boeglin for his suggestion and stated that Legislators most likely did not receive all the scenarios in which the legislation would impact licensing agencies when they were drafting the AB 2138.

Chief Woo asked if there were any other questions for Mr. Bowden; none were raised.

Sunset Review: (NOTE: This item was taken out of order – it was discussed directly after the approval of the minutes rather than after the discussion regarding AB 2138)

The Chief provided a background on the Bureau's Sunset Review, noting that the Bureau submitted its *Sunset Review Report 2018* in early December. He invited the Members and audience to attend and participate in the Bureau's Joint Sunset Review Oversight Hearing which was scheduled for Tuesday February 26th. He noted that the public will be granted approximately 20 – 30 minutes for comments and compared their time allowance to the 5 minutes he will be given to introduce the Bureau's Sunset Report.

Chief Woo asked if there were any questions about the Bureau's Sunset Review.

Member Farmby asked where the Joint Sunset Review Oversight Hearing will be located.

Chief Woo asked Antoine Hage, the Manager of the Bureau's Policy and Administration Unit, where the hearing will be located.

Mr. Hage referred Member Farmby to the website of the California State Assembly or Senate then stated the hearing would be located in Capitol Room 4202.

Chief Woo said the hearing begins at 9:00 am but includes the review of 5 other agencies, each taking roughly 1 hour to complete. He noted that the Bureau will be heard 3rd and anticipated the hearing to commence around lunchtime. The Chief also referenced the "murder board" which was briefly mentioned by Director Grafilo in his statement (Item 4) but noted he wasn't certain of its meaning but had been told that it is a mock hearing held prior to the official Joint Sunset Review Oversight Hearing.

7. Discussion on Future Advisory Committee Meeting Locations in Northern and Southern California

At the start of the meeting, Chief Woo exercised the power of the Chair to combine Item 7 and Item 13. After discussing the Bureau's Sunset Review in Item 6, the Chief moved to Item 8.

8. Discussion Regarding AB 2138 and the Definition of a Serious Felony

Chief Woo stated that this agenda item was previously covered in the earlier presentation by Matt Bowden, Manager of the Disciplinary Review Unit. He noted two points discussed in the presentation – the definition of a serious felony and the carve-out for the Private Investigator (PI) Industry for financial crimes. The Chief then briefly discussed the PI carve-out.

Chief Woo stated that the Bureau was asked by the Department to identify applicants who were denied licensure within the past 5 years based on financial crimes. Upon review of its records, the Bureau found that it had denied a total of 2 applicants for financial crimes. The Chief stated that he believes the PI Industry has done a good job self-regulating itself given the population size of denied PI applicants based on financial crimes.

The Chief asked if there were any questions; none were raised.

9. Discussion on Statutorily Mandated Claims Reporting for PI and Alarm Companies Organized as Limited Liability Companies (LLCs)

Chief Woo invited Gloriela Garcia, Deputy Chief of the Licensing and Policy Units, to discuss the reporting requirements for Private Investigator (PI) and Alarm Companies organized as LLCs. The Chief also asked Deputy Chief Garcia to introduce the newly hired Licensing Supervisors: Malcolm Soneja and Jessica Combs.

Deputy Chief Garcia noted that SB 904 mandated Alarm Company Operator (ACO) licensees organized as a Limited Liability Company (LLC) to report to the Bureau each year by March 1st the date and the amount of any claims paid during the previous calendar year against their general liability insurance policy/policies that it must maintain pursuant to Business and Professions Code (BPC) Section 7599.34. The provisions of SB 904 went into effect on January 1, 2018. The Deputy Chief provided background on the Bureau's outreach efforts to the Industry. On January 11, 2019 the Bureau issued letters to all ACOs organized as an LLC notifying them of the new reporting requirements and the upcoming March 1st deadline; the correspondence also included a copy of the *Alarm Company Operator Limited Liability Company Licensee Insurance Claim Data Reporting* form, which is to be used by the licensee to report their claim information. She explained that SB 904 also requires the Bureau to report information regarding the claim data and renewal information for ACOs organized as LLCs to the California State Legislature by January 1, 2023.

Deputy Chief Garcia stated that SB 599, which went into effect on July 1, 2018, mandated PI licensees organized as an LLC to report to the Bureau any claims filed against or paid by their general liability insurance policy/policies that it must maintain pursuant to BPC Section 7520.3. She noted that the Bureau issued a letter to all PIs organized as an LLC in Spring 2018 notifying them of the new

reporting requirement; the correspondence also included a copy of the *Private Investigator Limited Liability Company Licensee Insurance Claim Reporting Form*, which the Bureau created to assist licensees to report their claim information. The Bureau received few submissions from the PI LLC population, which prompted the issuance of a letter on January 7, 2019 that reminded the licensees of the new reporting requirement. The Deputy Chief reported that as of the date of the Advisory Committee meeting, the Bureau has seen a compliance rate of 73% from the PI LLC population. She also explained that SB 599 included a provision that requires the Bureau to post a notice of each claim on the Department of Consumer Affairs License Search website.

The Deputy Chief noted that a PI or ACO licensee organized as an LLC who fails to comply with the new reporting requirements violates sections of their respective Practice Acts, which can result in the Bureau taking disciplinary action against the licensee. She asked the Committee to assist the Bureau in disseminating the importance of submitting mandated claims information to the licensees within their Industries.

Deputy Chief Garcia asked if there were any questions.

Member Boeglin stated that SB 904 has created significant buzz in the Alarm Industry and has fielded multiple questions from the Industry prior to the Advisory Committee meeting. He asked if the Bureau had created a Frequently Asked Questions (FAQ) sheet for the new reporting requirements.

Deputy Chief Garcia said that the Bureau does not currently have a FAQ posted on its website as the legislation was recently implemented.

Chief Woo interjected, encouraging Member Boeglin to share the questions posed by the Alarm Industry so the Bureau can create an FAQ.

Member Boeglin noted that SB 904 addresses claims specific to an ACO's general liability insurance policy. He asked whether a claim that was settled and/or paid directly by the ACO rather than making a claim through its liability insurance policy would need to be reported to the Bureau.

Deputy Chief Garcia explained that the Bureau is only requesting claims information by the general liability insurance policy of an ACO licensee organized as an LLC.

Member Boeglin asked if there was a dollar limit to the claims reporting requirement. He explained that ACOs will pay out of its own pocket for claims under a certain dollar amount rather than filing a claim through its insurance company. As such, he asked whether the Bureau would like the Industry to report these instances.

Deputy Chief Garcia stated that an ACO organized as an LLC must report to the Bureau when it pays for a claim regardless of whether it was submitted to the company's insurance company.

Member Boeglin asked when an ACO must report claim information – specifically, whether it should be reported when a claim is paid or on a certain date.

The Deputy Chief said that claim information for Alarm Companies organized as an LLC should be reported once it has been paid. She noted that the Bureau will strive to be proactive in its review of submitted claim data – if a low compliance rate is observed, the Bureau will issue reminder notices similar to what was done with the PI licensees organized as LLCs.

Member Boeglin asked whether ACOs organized as a LLC should retroactively report paid claim information.

Deputy Chief Garcia explained that the prior calendar year's paid claim information will be due the following year on March 1st.

Member Boeglin asked whether the claim information can be submitted online. He explained that some companies have multiple ACOs and have only received a single notification letter and form from the Bureau. He said that it would be easier for some companies to go to the Bureau to get the required document and submit it online.

Antoine Hage, the Manager of the Bureau's Policy and Administration Unit, explained that SB 904 only requires the ACO licensee organized as an LLC to report to the Bureau the date and the amount of the paid claim. He stated that if it would be easier for a company to submit the form or required claims data electronically, they could email the Alarm Company desk (AlarmCompanies@dca.ca.gov).

Member Huntington III asked whether PI licensees organized as an LLC who have not filed a claim against or paid a claim by their general liability insurance policy are required to submit the *Private Investigator Limited Liability Company Licensee Insurance Claim Reporting Form*.

Deputy Chief Garcia stated that the Bureau is requesting that licensees submit the form regardless of whether a claim was filed or paid. She noted that the form includes a checkbox option for when no claims were filed or paid within that time period.

Member Huntington III clarified his question, asking whether it is mandatory to report claims. He posited that if a PI licensee organized as an LLC did not have

any claims filed or paid and opted not to submit the form to the Bureau, the licensee would not be in violation of the statute.

The Deputy Chief explained that a licensee's non-submission is not a violation of the statute; however, if the Bureau does not receive claims information, it cannot ensure the Industry's responsiveness to the Legislature's intent.

Chief Woo stated that there was an internal discussion on whether a licensee should report to the Bureau if no claims have been filed and/or paid. Ultimately, it was decided that the Bureau would not be able to determine if a licensee did not have a claim filed and/or paid if they did not report their claim information to the Bureau.

10. Discussion Regarding the Private Investigator (PI) Audit and Proposed Fee Adjustments

Chief Woo directed the Members to a handout in their meeting materials – *Private Investigator Act Fee Adjustment Summary Sheet*. The Chief explained that the Bureau has two funds: the Private Security Services (PSS) Fund and the Private Investigator (PI) fund. An audit was conducted on the PI fund after concerns of the fund's insolvency. He noted that the fees within the PSS fund were increased in July 2018 after an audit of the PSS fund and explained that the PI audit was a similar exercise. He informed the Committee and audience that the Bureau has been advised by the Department's Budget Office to have 3 – 5 months of reserve. He said that the most optimistic projections for the 2019/20 fiscal year show the Bureau having half a month of reserve, which is not fiscally sound.

The Chief provided an outline of the handout, explaining that the fee floor indicates the amount suggested by the PI audit and the fee ceiling reflects a 10% increase to the fee floor. He explained that the Bureau proposed a fee structure with a floor and ceiling as a means to prevent returning to the Legislature for new approval. He assured the Committee that the proposed fee structuring is consistent to the current structure of the PSS fund.

Member Huntington III made a personal statement regarding the PI fee audit, emphasizing that his comments are not made on behalf of the Industry. He noted that the Industry has not had a fee increase for renewals in the recent past but noted concern about an increase for initial application fees. He stated that there has been a decrease in PI applicants in the past few years and worries for the state of the Industry given the significant increase in initial application fees.

Member Farmby asked for the reason behind an increase in the fees associated with the PI fund.

Chief Woo noted that the fees associated with the PI fund have not been increased in more than 20 years and are drastically lower than the fees associated with the

PSS fund. He stated that he is aware of the concerns of the PI Industry but stated that the PI fund will be in trouble unless corrective action is taken. The Chief acknowledged that there may be alternative methods to alleviate the issues of the PI fund but stated that those decisions would be made at a higher level.

Member Farmby asked Member Huntington III if he anticipates an adverse impact to the population of active PI licensees.

Member Huntington III stated that he does not anticipate any decrease in the number of renewals for PI licensees and noted that the Industry is aware that its fees have not been raised in years and see the increase as fair. He reiterated that his concern lies in the possibility of the increased fees deterring prospective PI applicants.

Member Mohrfeld, who represents the public, asked whether there has been a discussion regarding increasing PI renewal fees and lowering PI initial application fees.

Member Huntington III replied that discussions have been made but noted that he is responsible for protecting licensees while considering future licensees, so he had to be careful with his response.

Member Lynn Mohrfeld argued that if the PI renewals are stable, but the new licensee population is declining, an increase in renewal fees coupled with a decrease in initial application fees would result in a balanced or surplus PI fund that would allow for the sustained maintenance or gradual growth of the fund.

Chief Woo stated that the suggestions brought up by Members Farmby and Mohrfeld will be brought up in the Bureau's discussions with the Legislature and clarified that the intent of the agenda item was to notify the Committee and public of the findings of the PI audit.

11. Discussion Regarding Alarm Agent Negotiating and Soliciting Alarm Agreements

Chief Woo exercised the power of the Chair to strike the Item from the Agenda and noted that it would be addressed at a future Advisory Committee meeting.

12. Public Comment on Items Not on the Agenda

Michael Hahn, a Firearms Training Instructor, stated that he had an individual apply for a position at a Federal facility as an armed Security Guard whose urinalysis tested positive for marijuana. He contacted the Bureau who informed him that it did not have the authority to intervene and referred him to the Department of Justice (DOJ); the DOJ told him that they also lacked authority and referred him to the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) who provided him with a letter that states that an individual who uses marijuana

cannot possess a firearm or ammunition. He stated that the Bureau, as the licensing agency, should have the authority to do something in these scenarios and asked if the Bureau has plans to address it. He noted that a question was previously included on the firearms application referencing marijuana use but had been removed.

Chief Woo deferred to Antoine Hage, Manager of the Policy and Administration Unit.

Mr. Hage noted that there is a split between State and Federal laws and stated that while there were traces of marijuana in the individual's urine, it does not mean the individual was "high" while on duty. He noted that the Bureau does investigate complaints which allege a licensee is high or drunk while on duty. Mr. Hage added that a urinalysis test will detect THC in an individual's urine up to several days after the individual has used marijuana. He stated that the Bureau is unable to comment on it as marijuana is a legal substance in the State of California but remains an illegal substance under Federal Law.

Mr. Hahn explained his current problem, which centers on his liability as an employer to allow an individual to possess a firearm or ammunition as he believes he would face criminal charges. He noted that the Federal provision doesn't mention intoxication – only use of marijuana. He then explained that a BSIS Firearms Permit allows an individual to carry a firearm but the firearm itself falls under federal regulations regardless of state regulations. He stated the Bureau's lack of authority is a liability. Mr. Hahn then discussed the use of CBD and edibles and the difficulty faced by law enforcement to determine when an individual is intoxicated. He said that as the licensing agency, the Bureau needs to step up and protect everyone in the Industry regardless of license type.

Chief Woo stated that marijuana is a new issue facing all licensing boards, which he anticipates will be addressed by the Legislature. He noted that the Bureau will be speaking with its sister agency, the Bureau of Cannabis Control (BCC), to explore the issue in more detail. The Chief thanked Mr. Hahn for bringing this issue to the Bureau's attention and agreed that there is a gap in the recreational use of marijuana in the State of California.

Mr. Hahn reiterated that his concern centered around his interaction with Bureau staff who did not take his information but referred him to DOJ instead and noted that it took 2 days for him to receive the letter from ATF. He then emphasized the fear instilled in him from the danger posed by the job applicant who may be under the influence of marijuana or CBD.

Mr. Hahn then asked when the Bureau is planning to update the Firearms Training Manual. He stated that as a Firearms Training Instructor, he has noticed that the Manual is in need of updating.

Chief Woo was unable to give Mr. Hahn an answer.

Mr. Hage stated that the Bureau makes changes to the Manual as needed then provided him with his business card so he can email suggestions for changes to the Manual.

Mr. Hahn said that he recently underwent an audit and noted that there is no space for the employee to sign.

Mr. Hage replied, stating that they could discuss the issue further over email.

Member Huntington III asked Mr. Hahn if the employee he described earlier held a Firearms Permit.

Mr. Hahn said that the individual was a prospective hire but did not complete the test.

Member Huntington III asked if the individual was applying to work as an armed Security Guard for a federal building. He stated that he understood why a federal employer would not want an individual who tested positive for marijuana to work on the premises; however, he did not foresee any issues with the State or a private company.

Mr. Hahn stated that the individual would have worked on a contract with the Federal Emergency Management Agency (FEMA) although he also has contracts with the State and County. He noted that the State and County contracts include a “zero tolerance” policy.

Next, Andy Washington, a Firearms Training Instructor, expressed his deep frustration with the Firearms Training Manual. He stated that he has discussed the Manual with members of the Committee and has sent emails to the Bureau but has not seen any progress. He noted that the Manual is structured for revolvers with magazines being loaded with 6 rather than the standard 10-11 rounds. He stated that students need 5 disciplines when shooting a firearm: shot placement, target acquisition, weapons handling, trigger squeeze, and breath control. He asked why Firearms Training Instructors are not allowed to make their own lesson plans based on the 5 disciplines. Mr. Washington offered to assist the Bureau in updating the Firearms Training Manual but then argued that the Bureau will only look into updating the Manual after it is hit with a lawsuit. He then stated the Bureau needs to approach the issue in a proactive rather than reactive manner.

Chief Woo thanked Mr. Washington for bringing the issues to the Bureau’s attention.

Fareed Dhanoya, a Firearms Training Instructor, asked how the process of requalifications can be expedited. He explained that there is no way to determine whether an individual has complied with the required range qualifications throughout the term of their Firearms Permit until the end of the two-year term when the permit holder renews. He suggested that the Bureau allow Firearms Training Instructors to submit a permit holder's requalification information online at the time of completion rather than submitting a physical paper application. Mr. Dhanoya also suggested that the Bureau issue a Firearms Permit through BreEZe that the individual can print at home that is only valid for 6 months. If the individual has not completed their qualifications as mandated by law, a new permit will not be issued. He argued that this would allow instant verification of an individual's compliance with range qualifications. He stated that his proposals would eliminate the current application processing timeframes that can impact a permit holder's ability to work if their application is not approved prior to expiration.

Chief Woo thanked Mr. Dhanoya for his suggestions.

Member Huntington III noted that the Firearms Permit renewals were originally intended for BreEZe but were removed due to the high deficiency rate in which licensees were not scanning and attaching their application.

Mr. Dhanoya stated that BreEZe required the permit holder to submit their renewal application. He clarified that his suggestion was to change the format from requiring an attachment to completing a fillable form.

Member Huntington III asked whether the Firearms Training Facility would be responsible for submitting the requalification information to the Bureau once the individual completes their range qualification.

Mr. Dhanoya affirmed that the Firearms Training Facility would complete the qualification information and submit it to the Bureau at the time of a qualification.

Chief Woo asked whether there were any more public comments. After receiving no additional comments, the Chief introduced Department of Consumer Affairs Chief Deputy Director Chris Shultz and explained that he would swear in Member Farmby as he was not present when Director Grafilo swore in Members Boeglin and Perez. Chief Deputy Director Shultz swore Member Farmby in at 11:30am.

13. Committee Members' Recommendations for Items for Future Advisory Committee Meeting Agenda

Member Huntington III asked Chief Woo if Item 7, "Discussion on Future Advisory Committee Meeting Locations in Northern and Southern California," had been skipped.

Chief Woo stated that he had combined Items 7 and 13. He then opened the floor for discussion.

Member Huntington III requested that the Committee discuss Private Investigator pocket cards in a future meeting.

Member Mohrfeld asked to discuss further integration of the BreEZe system and goals to increase users. He argued that by shifting staff resources from processing and maintaining paper records to inspections.

Chief Woo responded to Member Mohrfeld, noting that he encourages individuals to use BreEZe whenever he speaks to the Industry at various events. The Chief emphasized that the use of BreEZe reduces application processing times.

Member Huntington III referred to a previous discussion at an Advisory Committee meeting that centered on the functionality of BreEZe that limited users to only look up Private Investigators (PIs) by the company name. He stated that if an individual searched for a PI by their name, the system would not show any results which would lead to the conclusion that the PI is not licensed. Member Huntington III noted that this has become an issue within the Industry. He stated that he had previously spoken with Antoine Hage, Manager of the Bureau's Policy and Administration Unit, and had been told that the Bureau was working to update the system; with that in mind, Member Huntington III asked if the Bureau would update the Committee on the Bureau's progress at the next meeting.

Chief Woo noted that he was scheduled to attend a meeting after the Advisory Committee Meeting to discuss the changes the Bureau would like to see adopted to allow for the ability to search for a PI by name.

Member Boeglin asked if the Bureau could discuss the printing of Alarm Company Operator Branch Office (ACB) certificates. Specifically, he requested that the ACB certificates list the physical address of the branch office rather than the Address of Record (AOR), the latter of which is currently listed on the certificate.

Chief Woo thanked Member Boeglin for his recommendation.

Member Perez stated that he has received requests from retired police officers who asked the Bureau to review the possibility of streamlining the process for honorably retiring or retired law enforcement officers to obtain licensure as a Private Investigator or Security Guard with a Firearms Permit. Member Perez noted that the change may require legislative action but requested the Bureau begin examining this process as he argued it would encourage retired police officers to consider future employment in the Security Services Industry. He stated that he reviewed the current process and noted that it was not overly complicated but saw potential areas for improvement. He added that an informational brochure

that could be distributed to various law enforcement agencies to further disseminate to their members.

Chief Woo thanked Member Perez for his recommendation.

Member Farmby asked the Chief if there were any recommendations for Item 7 – “Discussion on Future Advisory Committee Meeting Locations in Northern and Southern California”.

Chief Woo stated that Members had previously discussed the possibility of meetings held in Southern California, which prompted the addition of the agenda item. The Chief furthered his explanation, noting that he wanted to determine the Members’ willingness to hold a meeting in Southern California.

Member Farmby was amenable to the possibility of hosting a meeting in Southern California but noted that if more members were located in Northern California, he was more than willing to continue traveling to Sacramento. He suggested rotating the meetings between Northern and Southern California.

Member Huntington III asked where the Members were located.

Members Boeglin, Farmby, and Inglis noted that they are from Southern California.

Chief Woo asked Members Huntington III, Mohrfeld, Owen, and Perez whether they are from Northern or Southern California. *The Members did not turn on their microphones and their responses were inaudible.* The Chief then noted that the Committee leans towards Northern California. He then asked if there was a desire to host the next meeting in Southern California.

Member Mohrfeld asked how many staff the Bureau would need to attend to Southern California for the meeting. He then asked whether the additional funding needed to send the required staff to Southern California would be discourage the Bureau from hosting the meeting outside of Sacramento.

Chief Woo thanked Member Mohrfeld for his insight. He then asked the Committee whether a Northern California meeting held further south, such as San Francisco, would be more palatable for those Members traveling from Southern California. He noted that there were a few months before the Bureau scheduled the next Advisory Committee meeting and directed the Members to contact Antoine Hage, the Manager of the Policy and Administration Unit, to discuss preferences on a Northern or Southern California meeting location.

Member Huntington III noted that traveling to the Advisory Committee meetings is currently inconvenient for 3 members. If the meeting location was changed to San Francisco, he posited it would be inconvenient for all parties.

Member Boeglin stated that a Southern California Advisory Committee meeting has the potential of drawing a different and much more diverse public comment.

Chief Woo asked if there were any other questions; none were raised.

14. Adjournment

Chief Woo requested a motion to adjourn the meeting. Member Farmby made the motion, which was seconded by Member Boeglin. The motion to adjourn the meeting passed on an 7-0 vote and the meeting adjourned at 11:42 AM.