



BUREAU OF SECURITY AND INVESTIGATIVE SERVICES

Post Office Box 980550
West Sacramento, CA 95798-9904
Phone (916) 322-4000 (800) 952-5210
Fax (916) 575-7287 www.bsis.ca.gov



March 28, 2019

The Honorable Steven Glazer, Chair
Senate Committee on Business, Professions, and Economic Development
California State Senate
State Capitol, Room 2053
Sacramento, CA 95814

The Honorable Evan Low, Chair
Assembly Committee on Business and Professions
California State Assembly
1020 N Street, Room 383
Sacramento, CA 95814

RE: Bureau of Security and Investigative Services – Responses to Sunset Review

Dear Senator Glazer and Assembly Member Low:

I am submitting the enclosed written responses to the issues and recommendations raised in the Sunset Review background paper prepared by committee staff and discussed at the February 26, 2019 Joint Oversight Hearing.

If you have any questions regarding these responses or on any other matter, please do not hesitate to contact me by e-mail at Darrel.Woo@dca.ca.gov.

Sincerely,

A handwritten signature in blue ink that reads "Darrel Woo".

Darrel Woo, Chief
Bureau of Security and Investigative Services

Cc: Che Salinas, Deputy Legislative Secretary, Office of the Governor
Sonya Logman, Deputy Cabinet Secretary, Office of the Governor

Alexis Podesta, Secretary, Business, Consumer Services, and Housing Agency
Lila Mirrashidi, Deputy Secretary of Business and Consumer Relations, Business,
Consumer Services, and Housing Agency

Bureau of Security and Investigative Services

Responses to Sunset Review Issues and Recommendations

The Senate Committee on Business, Professions, and Economic Development and the Assembly Committee on Business and Professions prepared a Background Paper for the Bureau of Security and Investigative Services (Bureau or BSIS) for a Joint Sunset Review Oversight Hearing held on February 26, 2019. The Background Paper detailed the following 16 issues and recommendations pertaining to the Bureau, and the Bureau has prepared the following responses to the issues and recommendations raised by the Committees.

ADMINISTRATIVE ISSUES

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

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.*

The Bureau's BreEZe platform overall enables the Bureau to carry out its licensing duties effectively. Regarding private investigator principal search issues, please see the Bureau's response to Issue 5. The inability for individuals to apply on BreEZe for the licenses that the Committee staff identified is not attributable to system limitations, but other factors.

1. Initial Baton Permits: A change in law would be needed to require the Bureau to issue baton permits for the application process to be available on BreEZe.

Pursuant to Business and Professions Code (BPC) section 7585.14, a Bureau-certified baton training facility issues the permit to a student who has successfully completed the required training. The training facility submits a course roster to the Bureau listing specified personal identifier information for, and the baton permit number issued to, each student. The Bureau uses the roster information to associate the issued permit with the person's security guard registration in BreEZe. The permit is only valid when it is associated with a current, non-deficient, non-suspended security guard registration. There is no need for a BreEZe renewal application process because baton permits do not expire.

2. Repossession Agent Initial Registrations/Re-Registrations: Repossession agent registrations are not on BreEZe due to the statutory framework of those

registrations, not because of any technical limitations with BreEZe. A change in law would be required to make the repossession agent registration comparable to other Bureau registrations for the application process to be available on BreEZe.

The required relationship between the repossession agent registration and the repossession agency license limits the ability to use an online licensing system for the registration. This is because by law the repossession agency is the legal holder of the license and both the initial license and subsequent renewals are mailed to the repossession agency to be issued by the qualified manager. Specifically, the requirements are: (1) an individual must hold a separate registration for each licensed repossession agency with which they are employed; (2) the registration is only valid when the registrant is in the employ of the licensed repossession agency associated with the registration; and (3) the registrant must surrender their registration card to the licensee when they are no longer in its employ. Under this statutory framework, there is no pathway for a BreEZe registration application process that would maintain the integrity of the applicant's unique, password protected BreEZe account information, or that would employ appropriate controls to prevent misuse in obtaining a registration (e.g., individual obtaining a registration without being employed by a licensee and misusing it).

3. Firearms Permit Initial and Renewal Applications: These applications were pulled from BreEZe because of the large number of applicants who failed to upload the required attachment and the resulting deficiency workload. With the Bureau successfully launching the new firearms assessment program and increased staff being requested through this year's budget change process, the Bureau believes it may be better positioned to revisit firearms permit applications being on BreEZe, and we are exploring the technical functions in BreEZe that could help decrease the attachment deficiency rate.

The issuance/renewal of a firearms permit requires completion of specified training. As evidence, portions of the application must be completed and signed, under penalty of perjury, by the Bureau-certified firearms instructor who provided the training. When the Bureau transitioned to BreEZe in January 2016, the applicant was directed to attach a scan of the paper application to maintain the integrity of the instructor's attestation of training completion. Because applicants frequently failed to attach the scanned document even after the Bureau's multiple efforts to increase compliance (outreach/education to industry associations; emails on the Bureau's interested parties list, and revisions to the BreEZe application instructions) the applications were pulled from BreEZe in September 2017. While this was a difficult decision, the cost of reviewing and correcting the high number of deficient BreEZe applications outweighed the cost of reviewing them outside of BreEZe. In the short-term, this decision allowed the Bureau to maintain targeted application processing times overall. Also, the Bureau had to focus its BreEZe configuration efforts on required activities for the new firearms assessment.

The Bureau is constantly looking for process improvements to provide better services for its licensees and use technological advances to make the application/renewal process more efficient. The Bureau is open to working with the Committees to address these issues.

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?

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.*

While licensing and enforcement data entry times are longer in BreEZe, it is a lesser workload driver than statutory changes or deficient applications. For example, the change in law relating to private patrol operator licensees providing the Bureau proof of maintaining the required liability insurance is nearly nine times greater than projected. Also, while recently enacted, the increased workloads associated with the new insurance claim reporting requirements for licensees organized as LLCs (see Issue #8) and the firearm assessment requirement for security guards are demonstrating the potential for an ongoing compliance-related workload as opposed to a transitional increase.

The Bureau recently underwent two independent operational audits (one in 2017 and the other in 2018). The audits revealed a high number of deficient paper applications (5-25 percent for initial registrations, 50 percent for firearms permit, and over 75 percent for company licenses). The Bureau began updating its application forms with better instructions in 2018. To date, new firearms permit applications, renewal applications for all license types, and applications for replacement licenses have been released. Staff have seen some decrease in deficiencies and Bureau management continues to explore other potential ideas for reducing deficiencies. The updated security guard initial application and proprietary private security officer

initial application, which comprise approximately 91 percent of all employee registration applications, are scheduled to be released in by April 2019.

BreEZe Licensing-Related Activities: One area BreEZe has helped with workload is the suspension of a license that requires an association to another license to be valid. Under the prior system, Bureau staff had to manually suspend firearms and baton permits based on reports indicating they were no longer associated with a current, valid qualifying license. BreEZe can instantaneously suspend the firearms or baton permit when they are no longer associated with a current, valid qualifying license. This BreEZe function is scheduled to go into effect for company branch office registration to company license relations in the next couple of months, and the Bureau is currently working on expanding it to repossession agent registration to repossession agency license relations (see Issue #8). This BreEZe function supporting timelier suspensions, particularly for firearms permits and baton permits, helps to promote public safety.

BreEZe Enforcement-Related Activities: The list below details several areas where BreEZe has helped with enforcement workloads.

- Uploading documents to a BreEZe account: The capability to access application documents, correspondence, prior complaint, enforcements or compliance inspection reports from the applicant's/licensee's BreEZe account instead of obtaining them from the Department's Records Unit reduces overall investigation times. As the universe of BreEZe accounts grows over time, the full time-related benefits of this function will be realized.
- Improved History Report: When an enforcement analyst is assigned a new case, they are provided a summary report about the licensee. Under the old system only prior complaints received could be provided on the report. The BreEZe report details complaints received history, prior enforcement activities (including prior citations and fines), and prior inspections and their outcomes which reduces overall investigation times.
- Expanded enforcement activity codes: Expanding the number of activity codes, which was not possible in the prior system, has enabled the Bureau to better track enforcement activities.

The Bureau has made non-BreEZe changes to promote effective operations including reclassifying positions to establish a second supervisor in the Licensing Unit and a second manager in the Enforcement Unit. Additionally, the Enforcement Unit is utilizing student assistants to conduct preliminary investigation of a company that is suspended for failure to provide proof of required liability insurance.

The Bureau will continue to modify its BreEZe platform to promote efficiencies as they are identified and to respond to changes in the law that require new licensing business processes. The new firearms assessment, new insurance claims reporting requirements, and required firearms training compliance inspection activities are some examples of modifications made to BreEZe in response to changes in the law. For those workload drivers, which are not affected by BreEZe, the Bureau will (1) continue to seek opportunities to work more efficiently, and (2) conduct workload-staff analysis after the implementation of new requirements and utilize limited-term staff as well pursue permanent staff when needed through the budget process.

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

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

The Bureau believed its Facebook account was configured so that only the Bureau could post information to the page. The Bureau used it sporadically to provide Bureau updates and general statements directing persons to its website when significant issues arose, such as BreEZe implementation and fee increases in 2018.

Given that the Bureau does not have sufficient resources at this time to monitor the webpage continuously for postings from external parties, the Bureau determined it was best to temporarily deactivate the account. The Bureau is currently working with the Department's Communications Division on a social media plan in hopes of resurrecting the Facebook page and employing other social media to expand our communications with licensees and consumers.

The most common improper advertising activity carried out by licensees on the internet is the failure to include their license number. The Bureau treats this matter as it does many other enforcement cases; the Bureau proactively takes action by educating the licensee on achieving compliance with the law and taking disciplinary action when compliance is not achieved. The Bureau would encourage continued conversations with the Committees related to its online advertising policies.

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?

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.*

The Private Investigator (PI) Fund currently supports four (4) full-time positions and one (1) half-time position. However, PI licensing and enforcement activities exceed the workload of these positions. Having to maintain separate revenue-expenditure, personnel, and other accounting records for two separate funds may be unnecessary and increases the Bureau's overall administrative costs.

A recent independent audit conducted of the Bureau's PI operations recommended workload analyses to be completed every three to five years to ensure the Private Security Services (PSS) Fund is not subsidizing the PI Fund. In 2015, the Bureau carried out such a review because of cross-fund concerns and increased the amount the PI Fund reimburses the PSS Fund through the 2016-17 budget process. However, absent establishing a time accounting system, which would be costly to develop and time-consuming to use, conducting routine analyses creates a workload that cannot be absorbed within existing staff resources without impacting other Bureau operations. Furthermore, the use of independent auditors to ensure one fund is not subsidizing another is expensive.

The audit recommended exploring the possibility of combining the PSS Fund and PI Fund. This recommendation was based on the cross-funding issue and the PI Fund revenue stream being impacted by fluctuations in the licensing population due to the small size of the fund. For the past several years PI revenues have been dropping due to a decline in initial and renewal PI applications resulting in a revenue-expenditure fund imbalance and the need to increase fees.

The Bureau believes that its operations would be optimized by having all fees support only one fund. In addition to administrative savings, having one fund would enhance the Bureau's ability to redirect staff to address workload spikes without cross-funding concerns. Regarding the current condition of the PI fund, licensing fees must be increased statutorily for private investigators to ensure sufficient revenue is collected to cover all PI-related expenses. The Bureau is committed to working with the Committees to establish an adequate PI fee schedule.

LICENSING ISSUES

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

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.*

The Bureau is pleased to share that the change to enable License Searches by a principal associated with a company license is targeted to be implemented in mid-to-late summer 2019.

Company licenses are held by the business entity. The Bureau issues a company license in the name requested by the applicant. If the applicant requests a company name that includes their personal name, the Department's License Search will identify them as a licensee if the search is requested by the licensee's personal name. If the applicant requests a fictitious business name that does not include their personal name, the License Search will correctly produce no results for the licensee if the search is conducted by their personal name. The Bureau requested BreEZe changes to enable searches by the name of a principal (person associated with the company license) when the PI industry first raised their concerns to the Bureau. However, searching a company license by a name other than company's business name constituted a system enhancement and there were other requests took precedence because they addressed a system glitch, a significant operational workload, or a statutory change.

Regulating PI Employees: The laws passed by the Legislature related to the Bureau has not provide it with the authority to regulate PI employees. Presumably, it may be that PI licenses traditionally have been held by a sole proprietor with the owner serving as the qualified manager and being the only person carrying out investigative services. Currently, sole proprietors comprise about 90% of the nearly 8,800 PI licensees. Because the Bureau does not regulate PI employees, it is unclear how many of these licensees have employees on staff. However, the number of licenses held by corporations, LLCs and partnerships comprised of legal entities is

growing (10% currently) and several of them have many employees who carry out investigations.

The PI Act mandates that a PI licensee is responsible for the “good conduct” of its employees but it does not specify what good conduct entails. Regulating PI employees is one way to oversee their actions; however, this would result in increased workload and thus additional staff would be needed. Additionally, no statutory standards of conduct exist for the licensee and the licensee’s employees, regarding performance of their duties and investigation reports, and providing specific disciplinary actions the Bureau may take against a licensee for noncompliance. Establish these standards may enhance the oversight of PI employees without the need for the magnitude of staff that would be required to regulate PI employees overall. The Bureau welcomes the opportunity to discuss this issue further with the Committees.

Photo Identification Cards: In 2016, the Bureau conducted an online survey of PI licensees about their pocket licenses and photo identification cards (ID cards) in response to industry concerns. The survey revealed much confusion between the pocket license and the ID card and a desire for changes; however, many respondents expressed concerns with increased costs. The ID cards were discussed during the Bureau’s July 2016 Advisory Committee hearing. After much discussion, the industry’s committee member expressed satisfaction with the current ID card and a representative of the industry association provided public comment that they would study the matter further.

There is currently a bill, SB 385 (Jones), this session that would make changes to the ID card process. The Bureau does not have a position on the bill but is willing to provide technical assistance to the author’s office, the Committees, and industry representatives toward this effort.

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

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.*

The impact weapons specified in various sections of the Business and Professions Code align with the list of impact weapons specified in California Penal Code (see Penal Code sections 22210 and 22290). Included in both of those Penal Code sections is the term “billy” that does encompass a baton. The Penal Code prohibits a person from possessing the listed impact weapons and provides exemptions for

peace officers and security guards, who meet specified conditions. Pursuant to Penal Code section 22295(b), a Bureau-registered security guard who possesses a Bureau baton permit can legally carry a baton while performing official guard duties. The Bureau has had no difficulties in performing its regulatory duties relative to Bureau licensees and the use of a baton. However, the Bureau is open to working with Committees to add “baton” to the applicable sections of law.

The Bureau believes there are opportunities to revise the baton permitting process in a manner that would heighten regulatory oversight, enhance consumer protection, and increase public safety. Should the Committees wish to revise the baton permitting process, issues to consider include who issues the baton permit and routine refresher training to help permit holders maintain current their knowledge and skills required for the safe and proper use of a baton.

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

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.

The Bureau continues to assess its business processes for the new firearms assessment to identify opportunities for improvement and increased efficiencies. To date, the workload is greater than originally projected with many applicants taking longer than envisioned to take the assessment -- some who completed the process at the program’s inception have not yet scheduled their assessment appointments. If this workload proves to be ongoing, as opposed to transitional, the Bureau may consider hiring additional limited-term staff or seeking permanent staff through the budget process. The Bureau will keep the Committees apprised if a significant program implementation issue arises.

Employing appropriate judgment, restraint, and self-control relative to the use of a firearm is integral for anyone who carries and uses a firearm in public settings. If the Committees believe the assessment should be expanded to firearms permit applicants seeking to associate the permit with a license type other than a security guard registration, such a policy change would likely result in about 1,000 to 1,500 more applicants having to take the assessment. This assessment population would require the Bureau to seek additional staff to address the increased workload so that overall application processing times are not negatively impacted. The additional number of assessment takers could also impact PSI’s operations, which potentially could result in processing delays or the need to raise the assessment fee. The Bureau

will evaluate whether public protection could be enhanced if other license types were required to undergo the assessment.

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?

Staff Recommendation: *The Bureau should evaluate whether there is need for repossession agencies 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.*

The Collateral Recovery Act does not authorize a repossession agency license to be held by a business organized as an LLC. Specifically, subsection (c) of section 7503.4 of the BPC prohibits a repossession agency license to be held by a domestic or foreign LLC.

BPC section 7520.3 states that effective July 1, 2018 a PI LLC licensee must “report a paid or pending claim against its liability insurance to the bureau.” In addition to updating its website and issuing emails to its interested parties list, the Bureau mailed a letter in February 2018 to all PI LLC licensees to advise them of the new reporting requirements. In May 2018, the Bureau mailed a second letter to all PI LLC licensees reminding them of the reporting requirements. Enclosed with the letter was a form the Bureau developed to assist a licensee to report the information. On January 7, 2019, the Bureau mailed a third letter to all PI LLC licensees with a revised claim reporting form due to the low response rate in 2018. In addition, the Bureau issues a letter, detailing the claims reporting requirement, with the claim form to each new PI LLC licensed. The following details reporting activities for the 107 current, clear PI LLC licensees as of February 28, 2019.

- 79 licensees reported no claims were filed or paid.
- 5 licensees filed deficient claim forms (only provided information for a current policy, which covered less than the six-month period).
- 23 licensees have not responded to date

BPC section 7599.34 states that effective January 1, 2019 an Alarm Company Operator (ACO) LLC licensee must “report annually to the Bureau the date and amount of any claim paid during the prior calendar year, from any general liability insurance policy held” by no later than March 1. In addition to updating its website and sending emails to its interested parties list, the Bureau mailed a letter, with a claims-reporting form the Bureau developed, on January 11, 2019 to all ACO LLC licensees to advise them of the new reporting requirements. In addition, the Bureau mails a letter, detailing the reporting requirements, with the claims-reporting form, to

each new ACO LLC licensed. The following details reporting activities for the 101 current, clear ACO LLC licensees as of February 28, 2019.

- 52 licensees reported that no claims were paid
- 2 licensees reported claims paid – One reported a claim for \$1,850.00 paid in January 2018 and another reported a claim for \$24,319.64 paid in November 2018
- 26 licensees had the letter returned as undeliverable
- 21 licensees have not responded to date

The Bureau is following up with those licensees who have not responded, and enforcement cases will be opened as warranted. The lack of a reporting due date and fine authority for failure to report may be impacting the compliance rate for PI LLC licensees. Aligning the PI LLC reporting requirements with those specified for ACO LLCs and providing for cite and fine authority for failure to report could be helpful in increasing the compliance rate for PI LLC licensees.

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?

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.*

The Bureau takes seriously its responsibility to protect the public in its licensing and other regulatory duties. However, limiting barriers to licensure is also important, and the need for regulatory agencies to have an appropriate balance in their licensing determinations was reinforced by the enactment of AB 2138 (Chiu, Chapter 995, Statutes of 2018).

All Bureau applicants for licensure, except proprietary private security employers, must provide fingerprints and undergo a background check as part of the licensing process. If an applicant is a former law enforcement officer and their actions, which resulted in their dismissal from their law enforcement agency, also resulted in a conviction, the Bureau would receive the conviction information and use it in its fitness for licensure determination. If the former law enforcement officer's actions did not result in a conviction and they do not disclose their law enforcement affiliation, the Bureau's ability to become aware of the matter is limited.

The Bureau does believe there are some tools that it can use to proactively be aware of incidents of former law enforcement applicants. Potentially, the Bureau can use the newly signed law, SB 1421 (Skinner Chapter 988, Statutes of 2018), which requires law enforcement agencies to release the disciplinary records of officers involved in shootings, crimes, or other kinds of misconduct. The Bureau is awaiting the

developments in the law and how this important information can be used to protect consumers and increase public safety. Additionally, the Bureau's recently established firearms assessment could be used as another tool. This assessment is intended to determine whether a security guard registrant can demonstrate appropriate judgment, restraint, and self-control for the purposes of carrying and using a firearm when performing security guard duties.

The Bureau believes that these tools could assist the Bureau in striking the delicate balance of reducing barriers to licensure and maintaining strong consumer protections. The Bureau looks forward to working with the Committees on this issue.

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

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.

The Bureau is open to conducting a comprehensive evaluation of existing requirements to receive and maintain a Bureau-issued firearms or baton training instructor certificate. The current requirements to obtain a Bureau certification for a baton or firearms training instructor certificate include holding a respective instructor's certificate issued by a federal, state or local agency (usually law enforcement), and holding a comparable certificate or having experience from other entities. Restricting the training certificates to only those issued by a law enforcement agency might help to ensure a sound curriculum; however, it could also result in a negative impact in the instructor population.

The Bureau believes onsite inspections play a vital role in educating licensees on, and promoting compliance with, their governing laws. This is particularly the case for training facilities. Expanding mandatory inspections to baton training facilities would require additional enforcement staff so that the Bureau's investigation activities would not be negatively impacted by the new additional workload.

The Bureau's firearms training manual and baton training manual provide the content and training activities that must be covered in the respective course as well as how the training must be conducted (e.g., complete classroom instruction before range instruction for firearms training). The Bureau-certified training facilities and

instructors must provide the specified training course, and the Bureau's regulatory authority is to ensure that the instruction and training are being provided as specified, and if not, to take appropriate disciplinary actions.

The Bureau would be happy to assist the Committees if they wish to pursue these issues further.

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

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.

Revising the firearms permit renewal process so that the DOJ response is not a prerequisite for renewal may eliminate a problematic step in the firearms permit renewal process. Such a change would not compromise public safety because current law authorizes the Bureau to automatically suspend the firearms permit upon receipt of a firearm prohibitions notice on a permit holder from DOJ, and DOJ issues these notices on an ongoing, continuous basis. Extending the DOJ's allotted response time would not be a viable option because it would require the renewal application to be submitted earlier, which would impact the permit holder's ability to complete the fourth quarterly range qualifications as required.

The DOJ Firearms Qualification Applicant Form should continue to be part of the renewal process to obtain information on firearms prohibitions arising from federal or other state's actions. The Bureau believes adding the authority to require the renewal applicant to re-fingerprint, when notified by DOJ that this is needed, may enhance the integrity of these other prohibition efforts.

The Bureau welcomes the opportunity to work with the Committees if it is determined that changes are needed in this area.

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?

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.*

Since the implementation of BreEZe, the Bureau has been able to more accurately track incident reports and reported firearm discharges. In reviewing the source data to respond to this issue, the Bureau noted there was a typographical error related to this data in the Bureau's 2018 Sunset Report and which is reflected in the Committees' Background Paper. The Bureau intended to report that from July 1, 2016 to June 30, 2017, there were 13 firearm discharge incidents reported to BSIS that involved an on-duty security guard. Unfortunately, "2017" was typed as "2018" resulting in the data incorrectly reflecting that 13 incidents were reported from July 1, 2016 to June 30, 2018.

For fiscal year 2017-18 the Bureau received 28 firearm-related incident reports. For fiscal year 2018-19 to date the Bureau has received 15 firearm related incident reports. These numbers indicate that after SB 1196 (Chapter 696, Statutes of 2016) went into effect the number of firearm-related incident reports reported to the Bureau doubled. This increase in reporting clearly indicates that the law is working as intended. Additionally, when the Bureau discovers instances where a licensee has not reported an incident or a firearm discharge, the Bureau is authorized to issue a citation to the licensee.

The Bureau has been working with the Department to promulgate regulations to utilize the emergency order process with the Attorney General's Office. The Bureau believes the Department's Budget Change Proposal to augment legal staff and to dedicate them to the Department's overall rulemaking activities will help the Bureau to complete its efforts in this area. In the meantime, when the Bureau becomes aware of an instance where a licensee is arrested for an offense, the Bureau can and does pursue a Penal Code 23 hold on the license.

The mental health resources available to armed guards as well as individuals involved in a firearm incident with an armed guard, are those generally accessible to any crime victim through local law enforcement crime victim programs, which are overseen by the California Victims Compensation Board.

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

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.

Unlicensed activity involves two scenarios: a person/business either is intentionally eluding regulatory oversight or a person/business is unaware of the license requirements. For the latter, education can be effective if the person/business agrees the activities they are carrying out constitute unlicensed activity and wish to come into compliance. Based on recent trend data, the Bureau estimates that approximately 40 percent of unlicensed activity complaints were closed where education efforts resulted in compliance (i.e. licensure). However, occasionally a situation arises where the Bureau believes licensure is required and the entity disagrees. For example, a company believes it does not need a license because it is an intermediary (e.g., contracting out the services to a third-party licensee) but the contractual relationship is between the consumer and the company. Statutory clarification on the triggers for licensure may be helpful for these scenarios.

Unlicensed activity where the person/business is covert in its actions to prevent from being identified are challenging. Even in those cases where the Bureau issues an administrative citation, payment of the fine and compliance can be difficult since the Bureau has no authority over the entity. The Bureau has tried working with local law enforcement to pursue criminal misdemeanor actions authorized in the Acts. Unfortunately, due to workload issues many local jurisdictions are unwilling to prosecute.

Due to the noted challenges, the Bureau believes the best approach against unlicensed activity is education and continues to pursue efforts in this area. The Bureau has disseminated licensing information to law enforcement agencies, businesses, at public outreach events and through other state agencies. This has led to an increase in the number of unlicensed activity complaints being submitted to the Bureau.

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

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.*

The Bureau's enforcement priorities are compliance with the law and taking disciplinary actions as timely as possible to address egregious violations to promote public safety and consumer protection. The Bureau's enforcement actions reflect the various options available toward these goals.

For minor violations of the law, Bureau enforcement staff work to educate licensees to obtain compliance without needing to issue a citation. For more egregious violations or repeated conduct subject to discipline, the Bureau can file an Accusation to revoke the license. The Private Security Services, Alarm Company Operator, and Locksmith Acts provide the Bureau the authority to automatically suspend the license upon notice of conviction of a crime that is substantially related to the qualifications and duties of the license. These license types comprise about 90 percent of the Bureau's licensing population. Additionally, Penal Code 23 authorizes the Bureau to request the court to suspend or restrict a license when the licensee is charged with a crime and is awaiting prosecution. In 2016, the Bureau began to more aggressively pursue this authority and increased the number of the total suspensions/restrictions granted. In Fiscal Years 16-17 and 17-18 Penal Code 23 actions were twelve times greater than the prior two combined fiscal years.

It should also be noted that not all consumer complaints received involve violations of the law. Many complaints involve civil disputes, such as services rendered or costs charged. Approximately 25 percent of the total consumer complaints received fall into this category. The Bureau's Complaint Resolution Program strives to mediate these complaints between the consumer and the licensee toward a mutually-agreed upon resolution.

Lastly, the Bureau maintains an ongoing inspection schedule for most company licenses which allows Bureau staff to conduct a complete audit of business operations to promote compliance with the practice acts, answer licensee's questions and address any minor or technical issues before they turn into actual violations.

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.

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

There are several sections in the Acts the Bureau regulates where clarifying or technical amendments would assist the Bureau to carry out its regulatory duties and promote compliance of the law.

The Bureau would like to pursue two statutory changes that will allow the Bureau to operate more effectively. First, the Bureau seeks to increase efficient operations by streamlining laws related to security guard registrants' annual continuing education training. The second proposal would increase public safety by aligning current law related to age restrictions for firearm permits. We look forward to working with the Committees throughout the year as the Legislature considers our sunset extension.

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

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

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

The Bureau agrees with this recommendation. The Bureau's mission is "to protect and serve the public and consumers through effective regulatory oversight of the professions within the Bureau's jurisdiction" and the sunset review process provides welcomed opportunities to further these efforts. The Bureau appreciates the opportunity to work with the Committees to effectuate changes that will promote public safety, consumer protection, and a healthy private security market in this state.