

ASSEMBLY BILL

No. 1608

Introduced by Assembly Member Olsen

February 5, 2014

An act to amend, repeal, and add Sections 7512.3, 7525.1, 7529, 7538, 7538.5, and 7539 of, and to add and repeal Section 7520.3 of, the Business and Professions Code, relating to private investigators.

LEGISLATIVE COUNSEL'S DIGEST

AB 1608, as introduced, Olsen. Private investigators: limited liability companies.

Existing law, the Private Investigator Act, provides for the licensure and regulation of private investigators by the Bureau of Security and Investigative Services within the Department of Consumer Affairs and makes a violation of the licensing requirements a crime. Existing law defines a person, for purposes of the act, to include any individual, firm, company, association, organization, partnership, and corporation.

Existing law, the California Revised Uniform Limited Liability Company Act, governs the formation and operation of limited liability companies. The act authorizes a limited liability company to engage in any lawful business activity, except as specified, but prohibits construing the act to permit a limited liability company to render professional services, as defined. Existing law authorizes a limited liability company to render services that may be lawfully rendered only pursuant to a license, certificate, or registration authorized by the Business and Professions Code if the provisions of that code authorize a limited liability company to hold that license, certificate, or registration.

This bill, until January 1, 2020, would authorize the bureau to issue a private investigator license to a limited liability company and would

make related conforming changes. The bill would require a limited liability company applicant for a private investigator license to provide specified information to the bureau, including the true name and complete residence address of each of the managing members and any other officers or members who will be active in the business. The bill would require a limited liability company, as a condition of licensure, to maintain liability insurance, as specified, for damages arising out of claims based on acts, errors, or omissions arising out of the private investigator services it provides. The bill would require a Certificate of Liability Insurance, as specified, to be submitted to the bureau, and would require the insurer issuing the certificate to report specified information to the bureau related to the policy. The bill would authorize suspension of the license of a licensee that fails to maintain sufficient insurance pursuant to these provisions and would render each member of the limited liability company personally liable, up to \$1,000,000 dollars each, for damages resulting to 3rd parties in connection with the company’s performance during the period of suspension, as specified. By expanding the scope of an existing crime, this bill would create a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.
 State-mandated local program: yes.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 7512.3 of the Business and Professions
- 2 Code is amended to read:
- 3 7512.3. (a) As used in this chapter, “person” includes any
- 4 individual, firm, company, *limited liability company*, association,
- 5 organization, partnership, and corporation.
- 6 (b) *This section shall remain in effect only until January 1, 2020,*
- 7 *and as of that date is repealed, unless a later enacted statute, that*
- 8 *is enacted before January 1, 2020, deletes or extends that date.*
- 9 SEC. 2. Section 7512.3 is added to the Business and Professions
- 10 Code, to read:

1 7512.3. (a) As used in this chapter, “person” includes any
2 individual, firm, company, association, organization, partnership,
3 and corporation.

4 (b) This section shall become operative on January 1, 2020.

5 SEC. 3. Section 7520.3 is added to the Business and Professions
6 Code, to read:

7 7520.3. (a) As a condition of the issuance, reinstatement,
8 reactivation, or continued valid use of a license under this chapter,
9 a limited liability company shall, in accordance with this section,
10 maintain a policy or policies of insurance against liability imposed
11 on or against it by law for damages arising out of claims based
12 upon acts, errors, or omissions arising out of the private investigator
13 services it provides.

14 (b) The total aggregate limit of liability under the policy or
15 policies of insurance required under this section shall be as follows:

16 (1) For a limited liability company licensee with five or fewer
17 persons named as managing members pursuant to subdivision (i)
18 of Section 7525.1, the aggregate limit shall not be less than one
19 million dollars (\$1,000,000).

20 (2) For a limited liability company licensee with more than five
21 persons named as managing members pursuant to subdivision (i)
22 of Section 7525.1, an additional one hundred thousand dollars
23 (\$100,000) of insurance shall be obtained for each person named
24 as managing members of the licensee except that the maximum
25 amount of insurance is not required to exceed five million dollars
26 (\$5,000,000) in any one designated period, less amounts paid in
27 defending, settling, or discharging claims as set forth under this
28 section.

29 (c) Prior to the issuance, reinstatement, or reactivation of a
30 limited liability company license as provided under this chapter,
31 the applicant or licensee shall, in the manner prescribed by the
32 bureau, submit the information and documentation required by
33 this section and requested by the bureau, demonstrating compliance
34 with the financial security requirements specified by this section.

35 (d) For any insurance policy secured by a licensee in satisfaction
36 of this section, a Certificate of Liability Insurance, signed by an
37 authorized agent or employee of the insurer, shall be submitted
38 electronically or otherwise to the bureau. The insurer issuing the
39 certificate shall report to the bureau the following information for
40 any policy required under this section: name, license number,

1 policy number, dates that coverage is scheduled to commence and
2 lapse, the date and amount of any payment of claims, and
3 cancellation date if applicable.

4 (e) If a licensee fails to maintain sufficient insurance as required
5 by this section, the license is subject to suspension.

6 (f) If the license of a limited liability company is suspended
7 pursuant to subdivision (e), each member of the limited liability
8 company shall be personally liable up to one million dollars
9 (\$1,000,000) each for damages resulting to third parties in
10 connection with the company's performance, during the period of
11 suspension, of any act or contract when a license is required by
12 this chapter.

13 (g) This section shall remain in effect only until January 1, 2020,
14 and as of that date is repealed, unless a later enacted statute, that
15 is enacted before January 1, 2020, deletes or extends that date.

16 SEC. 4. Section 7525.1 of the Business and Professions Code
17 is amended to read:

18 7525.1. An application shall be verified and shall include:

19 (a) The full name and business address of the applicant.

20 (b) The name under which the applicant intends to do business.

21 (c) A statement as to the general nature of the business in which
22 the applicant intends to engage.

23 (d) A verified statement of his or her experience qualifications.

24 (e) (1) If the applicant is an individual, a qualified manager, a
25 partner of a ~~partnership~~ or *partnership*, an officer of a corporation
26 designated in subdivision (h), or a *managing member of a limited*
27 *liability company designated in subdivision (i)*, one personal
28 identification form provided by the bureau upon which shall appear
29 a photograph taken within one year immediately preceding the
30 date of the filing of the application together with two legible sets
31 of fingerprints, one set of which shall be forwarded to the Federal
32 Bureau of Investigation for purposes of a background check, on a
33 form approved by the Department of Justice, and a personal
34 description of each person, respectively. The identification form
35 shall include residence addresses and employment history for the
36 previous five years and be signed under penalty of perjury.

37 (2) The bureau may impose a fee not to exceed three dollars
38 (\$3) for processing classifiable fingerprint cards submitted by
39 applicants, excluding those submitted into an electronic fingerprint
40 system using electronic fingerprint technology.

1 (f) In addition, if the applicant for a license is an individual, the
2 application shall list all other names known as or used during the
3 past 10 years and shall state that the applicant is to be personally
4 and actively in charge of the business for which the license is
5 sought, or if any other qualified manager is to be actively in charge
6 of the business, the application shall be subscribed, verified, and
7 signed by the applicant, under penalty of perjury, and if any other
8 person is to be actively in charge of the business, the application
9 shall also be subscribed, verified, and signed by that person under
10 penalty of perjury.

11 (g) If the applicants for license are copartners, the application
12 shall state the true names and addresses of all partners and the
13 name of the partner to be actively in charge of the business for
14 which the license is sought; and list all other names known as or
15 used during the past 10 years, or if a qualified manager other than
16 a partner is to be actively in charge of the business, then the
17 application shall be subscribed, verified, and signed by all of the
18 partners under penalty of perjury, and if any other person is to be
19 actively in charge of the business, the application shall also be
20 subscribed, verified, and signed by that person, under penalty of
21 perjury, under penalty of perjury by all of the partners and qualified
22 manager, or by all of the partners or the qualified manager.

23 (h) If the applicant for license is a corporation, the application
24 shall state the true names, and complete residence addresses of the
25 chief executive officer, secretary, chief financial officer, and any
26 other corporate officer who will be active in the business to be
27 licensed. The application shall also state the name and address of
28 the designated person to be actively in charge of the business for
29 which the license is sought. The application shall be subscribed,
30 verified, and signed by a duly authorized officer of the applicant
31 and by the qualified manager thereof, under penalty of perjury.

32 (i) *If the applicant for a license is a limited liability company,*
33 *the application shall state the true name and complete residence*
34 *address of each managing member and any other officer or member*
35 *who will be active in the business to be licensed. A copy of the*
36 *articles of organization issued by the Secretary of State shall be*
37 *supplied to the bureau upon request. The application shall also*
38 *state the name and residence address of the designated person to*
39 *be actively in charge of the business for which the license is sought.*

1 *The application shall be subscribed, verified, and signed by a duly*
2 *authorized member of the applicant under penalty of perjury.*

3 (i)

4 (j) Any other information, evidence, statements, or documents
5 as may be required by the director.

6 (k) *This section shall remain in effect only until January 1, 2020,*
7 *and as of that date is repealed, unless a later enacted statute, that*
8 *is enacted before January 1, 2020, deletes or extends that date.*

9 SEC. 5. Section 7525.1 is added to the Business and Professions
10 Code, to read:

11 7525.1. An application shall be verified and shall include:

12 (a) The full name and business address of the applicant.

13 (b) The name under which the applicant intends to do business.

14 (c) A statement as to the general nature of the business in which
15 the applicant intends to engage.

16 (d) A verified statement of his or her experience qualifications.

17 (e) (1) If the applicant is an individual, a qualified manager, a
18 partner of a partnership, or an officer of a corporation designated
19 in subdivision (h), one personal identification form provided by
20 the bureau upon which shall appear a photograph taken within one
21 year immediately preceding the date of the filing of the application
22 together with two legible sets of fingerprints, one set of which
23 shall be forwarded to the Federal Bureau of Investigation for
24 purposes of a background check, on a form approved by the
25 Department of Justice, and a personal description of each person,
26 respectively. The identification form shall include residence
27 addresses and employment history for the previous five years and
28 be signed under penalty of perjury.

29 (2) The bureau may impose a fee not to exceed three dollars
30 (\$3) for processing classifiable fingerprint cards submitted by
31 applicants, excluding those submitted into an electronic fingerprint
32 system using electronic fingerprint technology.

33 (f) In addition, if the applicant for a license is an individual, the
34 application shall list all other names known as or used during the
35 past 10 years and shall state that the applicant is to be personally
36 and actively in charge of the business for which the license is
37 sought, or if any other qualified manager is to be actively in charge
38 of the business, the application shall be subscribed, verified, and
39 signed by the applicant, under penalty of perjury, and if any other
40 person is to be actively in charge of the business, the application

1 shall also be subscribed, verified, and signed by that person under
2 penalty of perjury.

3 (g) If the applicants for license are copartners, the application
4 shall state the true names and addresses of all partners and the
5 name of the partner to be actively in charge of the business for
6 which the license is sought; and list all other names known as or
7 used during the past 10 years, or if a qualified manager other than
8 a partner is to be actively in charge of the business, then the
9 application shall be subscribed, verified, and signed by all of the
10 partners under penalty of perjury, and if any other person is to be
11 actively in charge of the business, the application shall also be
12 subscribed, verified, and signed by that person, under penalty of
13 perjury, under penalty of perjury by all of the partners and qualified
14 manager, or by all of the partners or the qualified manager.

15 (h) If the applicant for license is a corporation, the application
16 shall state the true names, and complete residence addresses of the
17 chief executive officer, secretary, chief financial officer, and any
18 other corporate officer who will be active in the business to be
19 licensed. The application shall also state the name and address of
20 the designated person to be actively in charge of the business for
21 which the license is sought. The application shall be subscribed,
22 verified, and signed by a duly authorized officer of the applicant
23 and by the qualified manager thereof, under penalty of perjury.

24 (i) Any other information, evidence, statements, or documents
25 as may be required by the director.

26 (j) This section shall become operative on January 1, 2020.

27 SEC. 6. Section 7529 of the Business and Professions Code is
28 amended to read:

29 7529. (a) Upon the issuance of a license, a pocket card of the
30 size, design, and content as may be determined by the director
31 shall be issued by the bureau to each licensee, if an individual, or
32 if the licensee is a person other than an individual, to its *managing*
33 *member or* manager and to each of its officers and partners. The
34 pocket card is evidence that the licensee is licensed pursuant to
35 this chapter. The card shall contain the signature of the licensee,
36 signature of the chief, and a photograph of the licensee, or bearer
37 of the card, if the licensee is other than an individual. The card
38 shall clearly state that the person is licensed as a private
39 investigator or is the manager or officer of the licensee. The pocket
40 card is to be composed of a durable material and may incorporate

1 technologically advanced security features. The bureau may charge
2 a fee sufficient to reimburse the department's costs for furnishing
3 the pocket card. The fee charged may not exceed the actual direct
4 costs for system development, maintenance, and processing
5 necessary to provide this service, and ~~may~~ shall not exceed sixteen
6 dollars (\$16). When a person to whom a card is issued terminates
7 his or her position, office, or association with the licensee, the card
8 shall be surrendered to the licensee and within five days thereafter
9 shall be mailed or delivered by the licensee to the bureau for
10 cancellation. Every person, while engaged in any activity for which
11 licensure is required, shall display his or her valid pocket card as
12 provided by regulation.

13 *(b) This section shall remain in effect only until January 1, 2020,*
14 *and as of that date is repealed, unless a later enacted statute, that*
15 *is enacted before January 1, 2020, deletes or extends that date.*

16 SEC. 7. Section 7529 is added to the Business and Professions
17 Code, to read:

18 7529. (a) Upon the issuance of a license, a pocket card of the
19 size, design, and content as may be determined by the director
20 shall be issued by the bureau to each licensee, if an individual, or
21 if the licensee is a person other than an individual, to its manager
22 and to each of its officers and partners. The pocket card is evidence
23 that the licensee is licensed pursuant to this chapter. The card shall
24 contain the signature of the licensee, signature of the chief, and a
25 photograph of the licensee, or bearer of the card, if the licensee is
26 other than an individual. The card shall clearly state that the person
27 is licensed as a private investigator or is the manager or officer of
28 the licensee. The pocket card is to be composed of a durable
29 material and may incorporate technologically advanced security
30 features. The bureau may charge a fee sufficient to reimburse the
31 department's costs for furnishing the pocket card. The fee charged
32 shall not exceed the actual direct costs for system development,
33 maintenance, and processing necessary to provide this service, and
34 shall not exceed sixteen dollars (\$16). When a person to whom a
35 card is issued terminates his or her position, office, or association
36 with the licensee, the card shall be surrendered to the licensee and
37 within five days thereafter shall be mailed or delivered by the
38 licensee to the bureau for cancellation. Every person, while engaged
39 in any activity for which licensure is required, shall display his or
40 her valid pocket card as provided by regulation.

1 (b) This section shall become operative on January 1, 2020.

2 SEC. 8. Section 7538 of the Business and Professions Code is
3 amended to read:

4 7538. (a) After a hearing the director may deny a license unless
5 the applicant makes a showing satisfactory to the director that the
6 applicant, if an individual, has not, or if the applicant is a person
7 other than an individual, that its manager and each of its officers
8 have not:

9 (a)

10 (1) Committed any act, which, if committed by a licensee, would
11 be a ground for the suspension or revocation of a license under
12 this chapter.

13 (b)

14 (2) Committed any act constituting dishonesty or fraud.

15 (c)

16 (3) Committed any act or crime constituting grounds for denial
17 of licensure under Section 480, including illegally using, carrying,
18 or possessing a deadly weapon.

19 (d)

20 (4) Been refused a license under this chapter or had a license
21 revoked.

22 (e)

23 (5) Been an officer, partner, *managing member*, or manager of
24 any person who has been refused a license under this chapter or
25 whose license has been revoked.

26 (f)

27 (6) While unlicensed committed, or aided and abetted the
28 commission of, any act for which a license is required by this
29 chapter.

30 (g)

31 (7) Knowingly made any false statement in his or her
32 application.

33 (b) *This section shall remain in effect only until January 1, 2020,*
34 *and as of that date is repealed, unless a later enacted statute, that*
35 *is enacted before January 1, 2020, deletes or extends that date.*

36 SEC. 9. Section 7538 is added to the Business and Professions
37 Code, to read:

38 7538. (a) After a hearing the director may deny a license unless
39 the applicant makes a showing satisfactory to the director that the
40 applicant, if an individual, has not, or if the applicant is a person

1 other than an individual, that its manager and each of its officers
2 have not:

3 (1) Committed any act, which, if committed by a licensee, would
4 be a ground for the suspension or revocation of a license under
5 this chapter.

6 (2) Committed any act constituting dishonesty or fraud.

7 (3) Committed any act or crime constituting grounds for denial
8 of licensure under Section 480, including illegally using, carrying,
9 or possessing a deadly weapon.

10 (4) Been refused a license under this chapter or had a license
11 revoked.

12 (5) Been an officer, partner, or manager of any person who has
13 been refused a license under this chapter or whose license has been
14 revoked.

15 (6) While unlicensed committed, or aided and abetted the
16 commission of, any act for which a license is required by this
17 chapter.

18 (7) Knowingly made any false statement in his or her
19 application.

20 (b) This section shall become operative on January 1, 2020.

21 SEC. 10. Section 7538.5 of the Business and Professions Code
22 is amended to read:

23 7538.5. (a) The director may refuse to issue any license
24 provided for in this chapter to any ~~person~~ of the following:

25 ~~(a) Who~~

26 (1) A person who has had any license revoked, ~~or whose license~~
27 ~~is~~ has a license currently under suspension, ~~or has~~ failed to renew
28 his or her license while ~~it was~~ under suspension.

29 ~~(b) If any~~

30 (2) A person who, while acting as a member of ~~any a~~
31 ~~partnership, or any an~~ officer or director of ~~any a~~ corporation, ~~or~~
32 ~~any an~~ officer or person acting in a managerial capacity of ~~any a~~
33 firm or ~~association has had any license issued to him or her~~
34 ~~revoked, or whose license is~~ association, or a managing member
35 of a limited liability company, had his or her license revoked, has
36 a license currently under suspension, ~~or who has~~ failed to renew
37 his or her license while ~~it was~~ under suspension.

38 ~~(c) If any~~

39 (3) A person who, while acting as a member of the partnership,
40 ~~or any an~~ officer or director of the corporation, ~~or any an~~ officer

1 or person acting in a managerial capacity of the firm or association,
2 ~~was either a~~ *meets both of the following conditions:*

3 (A) ~~He or she was a member of any partnership, or an officer~~
4 ~~or director of any corporation, or an officer or person acting in a~~
5 ~~managerial capacity of any firm or association, or a managing~~
6 ~~member of any limited liability company whose license has been~~
7 ~~was revoked, or whose license is currently under suspension, or~~
8 ~~failed to renew a license who was not renewed while it was under~~
9 ~~suspension, and while acting under suspension.~~

10 (B) ~~While acting as such a member, officer, director, or person~~
11 ~~acting in a managerial capacity in any corporation, firm,~~
12 ~~association, or limited liability company, he or she participated in~~
13 ~~any of the prohibited acts for which any such the license was~~
14 ~~revoked or suspended.~~

15 (b) *This section shall remain in effect only until January 1, 2020,*
16 *and as of that date is repealed, unless a later enacted statute, that*
17 *is enacted before January 1, 2020, deletes or extends that date.*

18 SEC. 11. Section 7538.5 is added to the Business and
19 Professions Code, to read:

20 7538.5. (a) The director may refuse to issue any license
21 provided for in this chapter to any of the following:

22 (1) A person who has had any license revoked, has a license
23 currently under suspension, or failed to renew his or her license
24 while under suspension.

25 (2) A person who, while acting as a member of a partnership,
26 an officer or director of a corporation, or an officer or person acting
27 in a managerial capacity of a firm or association, had his or her
28 license revoked, has a license currently under suspension, or failed
29 to renew his or her license while under suspension.

30 (3) A person who, while acting as a member of the partnership,
31 an officer or director of the corporation, or an officer or person
32 acting in a managerial capacity of the firm or association, meets
33 both of the following conditions:

34 (A) He or she was a member of any partnership, an officer or
35 director of any corporation, or an officer or person acting in a
36 managerial capacity of any firm or association, whose license was
37 revoked, is currently under suspension, or was not renewed while
38 under suspension.

39 (B) He or she, while acting as a member, officer, director, or
40 person acting in a managerial capacity in any corporation, firm,

1 or association, participated in any of the prohibited acts for which
2 the license was revoked or suspended.

3 (b) This section shall become operative on January 1, 2020.

4 SEC. 12. Section 7539 of the Business and Professions Code
5 is amended to read:

6 7539. (a) Any licensee or officer, director, partner, *managing*
7 *member*, or manager of a licensee may divulge to any law
8 enforcement officer or district attorney, or his or her representative,
9 any information he or she may acquire as to any criminal offense,
10 but he or she shall not divulge to any other person, except as ~~he~~
11 ~~or she may be~~ *otherwise* required by ~~law so to do~~, *law*, any
12 information acquired by him or her except at the direction of the
13 employer or client for whom the information was obtained.

14 (b) ~~No~~A licensee or officer, director, partner, manager,
15 *managing member*, or employee of a licensee shall *not* knowingly
16 make any false report to his or her employer or client for whom
17 information was being obtained.

18 (c) ~~No~~A written report shall *not* be submitted to a client except
19 by the licensee, qualifying manager, *managing member*, or a person
20 authorized by one or either of them, and the person submitting the
21 report shall exercise diligence in ascertaining whether or not the
22 facts and information in the report are true and correct.

23 (d) ~~No~~A licensee, or officer, director, partner, manager,
24 *managing member*, or employee of a licensee shall *not* use a badge
25 in connection with the official activities of the licensee's business.

26 (e) ~~No~~A licensee, or officer, director, partner, manager,
27 *managing member*, or employee of a licensee, shall *not* use a title,
28 or wear a uniform, or use an insignia, or use an identification card,
29 or make any statement with the intent to give an impression that
30 he or she is connected in any way with the federal government, a
31 state government, or any political subdivision of a state
32 government.

33 (f) ~~No~~A licensee, or officer, partner, qualified manager,
34 *managing member*, or employee of a licensee shall *not* use any
35 identification to indicate that he or she is licensed as a private
36 investigator other than the official identification card issued by
37 the bureau or the business card regularly used by the business.
38 However, a licensee may issue an employer identification card.

39 (g) ~~No~~A licensee, or officer, director, partner, manager,
40 *managing member*, or employee of a licensee, shall *not* enter any

1 private building or portion thereof, except premises commonly
2 accessible to the public, without the consent of the owner or of the
3 person in legal possession thereof.

4 (h) ~~No~~A licensee shall *not* permit an employee or agent in his
5 or her own name to advertise, engage clients, furnish reports or
6 present bills to clients, or in any manner ~~whatever~~ conduct business
7 for which a license is required under this chapter. All business of
8 the licensee shall be conducted in the name of and under the control
9 of the licensee.

10 (i) ~~No~~A licensee, officer, director, partner, manager, *managing*
11 *member*, or employee of a licensee shall *not* knowingly and directly
12 solicit employment from any person who has directly sustained
13 bodily injury or from that person's spouse or other family member
14 to obtain authorization on behalf of the injured person as an
15 investigator to investigate the accident or act ~~which~~ *that* resulted
16 in injury or death to that person or damage to the property of that
17 person. Nothing in this subdivision shall prohibit the soliciting of
18 employment from that injured person's attorney, insurance
19 company, self-insured administrator, insurance adjuster, employer,
20 or any other person having an indirect interest in the investigation
21 of the injury. This subdivision shall not apply to any business agent
22 or attorney employed by a labor organization. ~~No~~ A licensee,
23 officer, director, partner, *managing member*, or manager of a
24 licensee shall *not* pay or compensate any of his or her employees
25 or agents on the basis of a bonus, bounty, or quota system whereby
26 a premium is placed on the number of employer or client rule
27 violations or infractions purportedly discovered as a result of any
28 investigation made by a licensee.

29 (j) ~~No~~A licensee shall *not* use a fictitious business name in
30 connection with the official activities of the licensee's business,
31 except as provided by the bureau.

32 (k) *This section shall remain in effect only until January 1, 2020,*
33 *and as of that date is repealed, unless a later enacted statute, that*
34 *is enacted before January 1, 2020, deletes or extends that date.*

35 SEC. 13. Section 7539 is added to the Business and Professions
36 Code, to read:

37 7539. (a) Any licensee or officer, director, partner, or manager
38 of a licensee may divulge to any law enforcement officer or district
39 attorney, or his or her representative, any information he or she
40 may acquire as to any criminal offense, but he or she shall not

1 divulge to any other person, except as otherwise required by law,
2 any information acquired by him or her except at the direction of
3 the employer or client for whom the information was obtained.

4 (b) A licensee or officer, director, partner, manager, or employee
5 of a licensee shall not knowingly make any false report to his or
6 her employer or client for whom information was being obtained.

7 (c) A written report shall not be submitted to a client except by
8 the licensee, qualifying manager, or a person authorized by one
9 or either of them, and the person submitting the report shall
10 exercise diligence in ascertaining whether or not the facts and
11 information in the report are true and correct.

12 (d) A licensee, or officer, director, partner, manager, or
13 employee of a licensee shall not use a badge in connection with
14 the official activities of the licensee's business.

15 (e) A licensee, or officer, director, partner, manager, or employee
16 of a licensee, shall not use a title, or wear a uniform, or use an
17 insignia, or use an identification card, or make any statement with
18 the intent to give an impression that he or she is connected in any
19 way with the federal government, a state government, or any
20 political subdivision of a state government.

21 (f) A licensee, or officer, partner, qualified manager, or
22 employee of a licensee shall not use any identification to indicate
23 that he or she is licensed as a private investigator other than the
24 official identification card issued by the bureau or the business
25 card regularly used by the business. However, a licensee may issue
26 an employer identification card.

27 (g) A licensee, or officer, director, partner, manager, or
28 employee of a licensee, shall not enter any private building or
29 portion thereof, except premises commonly accessible to the public,
30 without the consent of the owner or of the person in legal
31 possession thereof.

32 (h) A licensee shall not permit an employee or agent in his or
33 her own name to advertise, engage clients, furnish reports or
34 present bills to clients, or in any manner conduct business for which
35 a license is required under this chapter. All business of the licensee
36 shall be conducted in the name of and under the control of the
37 licensee.

38 (i) A licensee, officer, director, partner, manager, or employee
39 of a licensee shall not knowingly and directly solicit employment
40 from any person who has directly sustained bodily injury or from

1 that person's spouse or other family member to obtain authorization
2 on behalf of the injured person as an investigator to investigate
3 the accident or act that resulted in injury or death to that person or
4 damage to the property of that person. Nothing in this subdivision
5 shall prohibit the soliciting of employment from that injured
6 person's attorney, insurance company, self-insured administrator,
7 insurance adjuster, employer, or any other person having an indirect
8 interest in the investigation of the injury. This subdivision shall
9 not apply to any business agent or attorney employed by a labor
10 organization. A licensee, officer, director, partner, or manager of
11 a licensee shall not pay or compensate any of his or her employees
12 or agents on the basis of a bonus, bounty, or quota system whereby
13 a premium is placed on the number of employer or client rule
14 violations or infractions purportedly discovered as a result of any
15 investigation made by a licensee.

16 (j) A licensee shall not use a fictitious business name in
17 connection with the official activities of the licensee's business,
18 except as provided by the bureau.

19 (k) This section shall become operative on January 1, 2020.

20 SEC. 14. No reimbursement is required by this act pursuant to
21 Section 6 of Article XIII B of the California Constitution because
22 the only costs that may be incurred by a local agency or school
23 district will be incurred because this act creates a new crime or
24 infraction, eliminates a crime or infraction, or changes the penalty
25 for a crime or infraction, within the meaning of Section 17556 of
26 the Government Code, or changes the definition of a crime within
27 the meaning of Section 6 of Article XIII B of the California
28 Constitution.