

AMENDED IN SENATE JULY 1, 2014
AMENDED IN ASSEMBLY MARCH 18, 2014
CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 1608

Introduced by Assembly Member Olsen
(Coauthor: Senator Vidak)

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 amended, 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~~, *January 1, 2018*, 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, the 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 *January 1, 2018*, and as of that date is repealed, unless a later

1 enacted statute, that is enacted before ~~January 1, 2020~~, *January 1,*
2 *2018*, deletes or extends that date.

3 SEC. 2. Section 7512.3 is added to the Business and Professions
4 Code, to read:

5 7512.3. (a) As used in this chapter, “person” includes any
6 individual, firm, company, association, organization, partnership,
7 and corporation.

8 (b) This section shall become operative on ~~January 1, 2020~~.
9 *January 1, 2018*.

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

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

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

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

25 (2) For a limited liability company licensee with more than five
26 persons named as managing members pursuant to subdivision (i)
27 of Section 7525.1, an additional one hundred thousand dollars
28 (\$100,000) of insurance shall be obtained for each person named
29 as managing members of the licensee except that the maximum
30 amount of insurance is not required to exceed five million dollars
31 (\$5,000,000) in any one designated period, less amounts paid in
32 defending, settling, or discharging claims as set forth under this
33 section.

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

1 (d) For any insurance policy secured by a licensee in satisfaction
 2 of this section, a Certificate of Liability Insurance, signed by an
 3 authorized agent or employee of the insurer, shall be submitted
 4 electronically or otherwise to the bureau. The insurer issuing the
 5 certificate shall report to the bureau the following information for
 6 any policy required under this section: name, license number,
 7 policy number, dates that coverage is scheduled to commence and
 8 lapse, the date and amount of any payment of claims, and
 9 cancellation date if applicable.

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

12 (f) If the license of a limited liability company is suspended
 13 pursuant to subdivision (e), each member of the limited liability
 14 company shall be personally liable up to one million dollars
 15 (\$1,000,000) each for damages resulting to third parties in
 16 connection with the company’s performance, during the period of
 17 suspension, of any act or contract when a license is required by
 18 this chapter.

19 (g) This section shall remain in effect only until ~~January 1, 2020,~~
 20 *January 1, 2018*, and as of that date is repealed, unless a later
 21 enacted statute, that is enacted before ~~January 1, 2020,~~ *January 1,*
 22 *2018*, deletes or extends that date.

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

25 7525.1. An application shall be verified and shall include:

- 26 (a) The full name and business address of the applicant.
- 27 (b) The name under which the applicant intends to do business.
- 28 (c) A statement as to the general nature of the business in which
 29 the applicant intends to engage.
- 30 (d) A verified statement of his or her experience qualifications.

31 (e) (1) If the applicant is an individual, a qualified manager, a
 32 partner of a partnership, an officer of a corporation designated in
 33 subdivision (h), or a managing member of a limited liability
 34 company designated in subdivision (i), one personal identification
 35 form provided by the bureau upon which shall appear a photograph
 36 taken within one year immediately preceding the date of the filing
 37 of the application together with two legible sets of fingerprints,
 38 one set of which shall be forwarded to the Federal Bureau of
 39 Investigation for purposes of a background check, on a form
 40 approved by the Department of Justice, and a personal description

1 of each person, respectively. The identification form shall include
2 residence addresses and employment history for the previous five
3 years and be signed under penalty of perjury.

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

8 (f) In addition, if the applicant for a license is an individual, the
9 application shall list all other names known as or used during the
10 past 10 years and shall state that the applicant is to be personally
11 and actively in charge of the business for which the license is
12 sought. If any other qualified manager is to be actively in charge
13 of the business, the application shall be subscribed, verified, and
14 signed by the applicant, under penalty of perjury. If any other
15 person is to be actively in charge of the business, the application
16 shall also be subscribed, verified, and signed by that person under
17 penalty of perjury.

18 (g) If the applicants for a license are copartners, the application
19 shall state the true names and addresses of all partners and the
20 name of the partner to be actively in charge of the business for
21 which the license is sought and list all other names known as or
22 used during the past 10 years. If a qualified manager other than a
23 partner is to be actively in charge of the business, then the
24 application shall be subscribed, verified, and signed by all of the
25 partners under penalty of perjury. If any other person is to be
26 actively in charge of the business, the application shall also be
27 subscribed, verified, and signed by that person, under penalty of
28 perjury, under penalty of perjury by all of the partners and *the*
29 qualified manager, or by all of the partners or the qualified
30 manager.

31 (h) If the applicant for a license is a corporation, the application
32 shall state the true names and complete residence addresses of the
33 chief executive officer, secretary, chief financial officer, and any
34 other corporate officer who will be active in the business to be
35 licensed. The application shall also state the name and address of
36 the designated person to be actively in charge of the business for
37 which the license is sought. The application shall be subscribed,
38 verified, and signed by a duly authorized officer of the applicant
39 and by the qualified manager thereof, under penalty of perjury.

1 (i) If the applicant for a license is a limited liability company,
 2 the application shall state the true name and complete residence
 3 address of each managing member and any other officer or member
 4 who will be active in the business to be licensed. A copy of the
 5 most recent articles of organization, as filed by the Secretary of
 6 State, shall be supplied to the bureau upon request. The application
 7 shall also state the name and residence address of the designated
 8 person to be actively in charge of the business for which the license
 9 is sought. The application shall be subscribed, verified, and signed
 10 by a duly authorized member of the applicant under penalty of
 11 perjury.

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

14 (k) This section shall remain in effect only until ~~January 1, 2020,~~
 15 *January 1, 2018*, and as of that date is repealed, unless a later
 16 enacted statute, that is enacted before ~~January 1, 2020,~~ *January 1,*
 17 *2018*, deletes or extends that date.

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

20 7525.1. An application shall be verified and shall include:

- 21 (a) The full name and business address of the applicant.
- 22 (b) The name under which the applicant intends to do business.
- 23 (c) A statement as to the general nature of the business in which
 24 the applicant intends to engage.
- 25 (d) A verified statement of his or her experience qualifications.
- 26 (e) (1) If the applicant is an individual, a qualified manager, a
 27 partner of a partnership, or an officer of a corporation designated
 28 in subdivision (h), one personal identification form provided by
 29 the bureau upon which shall appear a photograph taken within one
 30 year immediately preceding the date of the filing of the application
 31 together with two legible sets of fingerprints, one set of which
 32 shall be forwarded to the Federal Bureau of Investigation for
 33 purposes of a background check, on a form approved by the
 34 Department of Justice, and a personal description of each person,
 35 respectively. The identification form shall include residence
 36 addresses and employment history for the previous five years and
 37 be signed under penalty of perjury.

38 (2) The bureau may impose a fee not to exceed three dollars
 39 (\$3) for processing classifiable fingerprint cards submitted by

1 applicants, excluding those submitted into an electronic fingerprint
2 system using electronic fingerprint technology.

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

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

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

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

36 (j) This section shall become operative on ~~January 1, 2020.~~
37 *January 1, 2018.*

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

1 7529. (a) Upon the issuance of a license, a pocket card of the
2 size, design, and content as may be determined by the director
3 shall be issued by the bureau to each licensee, if an individual, or
4 if the licensee is a person other than an individual, to its managing
5 member or manager and to each of its officers and partners. The
6 pocket card is evidence that the licensee is licensed pursuant to
7 this chapter. The card shall contain the signature of the licensee,
8 signature of the chief, and a photograph of the licensee, or bearer
9 of the card, if the licensee is other than an individual. The card
10 shall clearly state that the person is licensed as a private
11 investigator or is the manager or officer of the licensee. The pocket
12 card is to be composed of a durable material and may incorporate
13 technologically advanced security features. The bureau may charge
14 a fee sufficient to reimburse the department's costs for furnishing
15 the pocket card. The fee charged may not exceed the actual direct
16 costs for system development, maintenance, and processing
17 necessary to provide this service, and shall not exceed sixteen
18 dollars (\$16). When a person to whom a card is issued terminates
19 his or her position, office, or association with the licensee, the card
20 shall be surrendered to the licensee and within five days thereafter
21 shall be mailed or delivered by the licensee to the bureau for
22 cancellation. Every person, while engaged in any activity for which
23 licensure is required, shall display his or her valid pocket card as
24 provided by regulation.

25 (b) This section shall remain in effect only until ~~January 1, 2020,~~
26 *January 1, 2018*, and as of that date is repealed, unless a later
27 enacted statute, that is enacted before ~~January 1, 2020,~~ *January 1,*
28 *2018*, deletes or extends that date.

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

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

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

14 (b) This section shall become operative on ~~January 1, 2020.~~
15 *January 1, 2018.*

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

18 7538. (a) After a hearing the director may deny a license unless
19 the applicant makes a showing satisfactory to the director that the
20 applicant, if an individual, has not, or if the applicant is a person
21 other than an individual, that its manager and each of its officers
22 have not:

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

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

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

30 (4) Been refused a license under this chapter or had a license
31 revoked.

32 (5) Been an officer, partner, managing member, or manager of
33 any person who has been refused a license under this chapter or
34 whose license has been revoked.

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

38 (7) Knowingly made any false statement in his or her
39 application.

1 (b) This section shall remain in effect only until ~~January 1, 2020,~~
 2 *January 1, 2018*, and as of that date is repealed, unless a later
 3 enacted statute, that is enacted before ~~January 1, 2020,~~ *January 1,*
 4 *2018*, deletes or extends that date.

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

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

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

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

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

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

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

27 (7) Knowingly made any false statement in his or her
 28 application.

29 (b) This section shall become operative on ~~January 1, 2020.~~
 30 *January 1, 2018.*

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

33 7538.5. (a) The director may refuse to issue any license
 34 provided for in this chapter to any of the following:

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

38 (2) A person who, while acting as a member of a partnership,
 39 an officer or director of a corporation, an officer or person acting
 40 in a managerial capacity of a firm or association, or a managing

1 member of a limited liability company, had his or her license
2 revoked, has a license currently under suspension, or failed to
3 renew his or her license while under suspension.

4 (3) A person who, while acting as a member of the partnership,
5 an officer or director of the corporation, or an officer or person
6 acting in a managerial capacity of the firm or association, meets
7 both of the following conditions:

8 (A) He or she was a member of any partnership, an officer or
9 director of any corporation, an officer or person acting in a
10 managerial capacity of any firm or association, or a managing
11 member of any limited liability company whose license was
12 revoked, is currently under suspension, or was not renewed while
13 under suspension.

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

18 (b) This section shall remain in effect only until ~~January 1, 2020,~~
19 *January 1, 2018*, and as of that date is repealed, unless a later
20 enacted statute, that is enacted before ~~January 1, 2020,~~ *January 1,*
21 *2018*, deletes or extends that date.

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

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

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

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

34 (3) A person who, while acting as a member of the partnership,
35 an officer or director of the corporation, or an officer or person
36 acting in a managerial capacity of the firm or association, meets
37 both of the following conditions:

38 (A) He or she was a member of any partnership, an officer or
39 director of any corporation, or an officer or person acting in a
40 managerial capacity of any firm or association, whose license was

1 revoked, is currently under suspension, or was not renewed while
2 under suspension.

3 (B) He or she, while acting as a member, officer, director, or
4 person acting in a managerial capacity in any corporation, firm,
5 or association, participated in any of the prohibited acts for which
6 the license was revoked or suspended.

7 (b) This section shall become operative on ~~January 1, 2020.~~
8 *January 1, 2018.*

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

11 7539. (a) Any licensee or officer, director, partner, managing
12 member, or manager of a licensee may divulge to any law
13 enforcement officer or district attorney, or his or her representative,
14 any information he or she may acquire as to any criminal offense,
15 but he or she shall not divulge to any other person, except as
16 otherwise required by law, any information acquired by him or
17 her except at the direction of the employer or client for whom the
18 information was obtained.

19 (b) A licensee or officer, director, partner, manager, managing
20 member, or employee of a licensee shall not knowingly make any
21 false report to his or her employer or client for whom information
22 was being obtained.

23 (c) A written report shall not be submitted to a client except by
24 the licensee, qualifying manager, managing member, or a person
25 authorized by one or either of them, and the person submitting the
26 report shall exercise diligence in ascertaining whether or not the
27 facts and information in the report are true and correct.

28 (d) A licensee, or officer, director, partner, manager, managing
29 member, or employee of a licensee shall not use a badge in
30 connection with the official activities of the licensee's business.

31 (e) A licensee, or officer, director, partner, manager, managing
32 member, or employee of a licensee, shall not use a title, or wear a
33 uniform, or use an insignia, or use an identification card, or make
34 any statement with the intent to give an impression that he or she
35 is connected in any way with the federal government, a state
36 government, or any political subdivision of a state government.

37 (f) A licensee, or officer, partner, qualified manager, managing
38 member, or employee of a licensee shall not use any identification
39 to indicate that he or she is licensed as a private investigator other
40 than the official identification card issued by the bureau or the

1 business card regularly used by the business. However, a licensee
2 may issue an employer identification card.

3 (g) A licensee, or officer, director, partner, manager, managing
4 member, or employee of a licensee, shall not enter any private
5 building or portion thereof, except premises commonly accessible
6 to the public, without the consent of the owner or of the person in
7 legal possession thereof.

8 (h) A licensee shall not permit an employee or agent in his or
9 her own name to advertise, engage clients, furnish reports or
10 present bills to clients, or in any manner conduct business for which
11 a license is required under this chapter. All business of the licensee
12 shall be conducted in the name of and under the control of the
13 licensee.

14 (i) A licensee, officer, director, partner, manager, managing
15 member, or employee of a licensee shall not knowingly and directly
16 solicit employment from any person who has directly sustained
17 bodily injury or from that person's spouse or other family member
18 to obtain authorization on behalf of the injured person as an
19 investigator to investigate the accident or act that resulted in injury
20 or death to that person or damage to the property of that person.
21 Nothing in this subdivision shall prohibit the soliciting of
22 employment from that injured person's attorney, insurance
23 company, self-insured administrator, insurance adjuster, employer,
24 or any other person having an indirect interest in the investigation
25 of the injury. This subdivision shall not apply to any business agent
26 or attorney employed by a labor organization. A licensee, officer,
27 director, partner, managing member, or manager of a licensee shall
28 not pay or compensate any of his or her employees or agents on
29 the basis of a bonus, bounty, or quota system whereby a premium
30 is placed on the number of employer or client rule violations or
31 infractions purportedly discovered as a result of any investigation
32 made by a licensee.

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

36 (k) This section shall remain in effect only until ~~January 1, 2020,~~
37 *January 1, 2018*, and as of that date is repealed, unless a later
38 enacted statute, that is enacted before ~~January 1, 2020,~~ *January 1,*
39 *2018*, deletes or extends that date.

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

3 7539. (a) Any licensee or officer, director, partner, or manager
4 of a licensee may divulge to any law enforcement officer or district
5 attorney, or his or her representative, any information he or she
6 may acquire as to any criminal offense, but he or she shall not
7 divulge to any other person, except as otherwise required by law,
8 any information acquired by him or her except at the direction of
9 the employer or client for whom the information was obtained.

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

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

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

21 (e) A licensee, or officer, director, partner, manager, or employee
22 of a licensee, shall not use a title, or wear a uniform, or use an
23 insignia, or use an identification card, or make any statement with
24 the intent to give an impression that he or she is connected in any
25 way with the federal government, a state government, or any
26 political subdivision of a state government.

27 (f) A licensee, or officer, partner, qualified manager, or
28 employee of a licensee shall not use any identification to indicate
29 that he or she is licensed as a private investigator other than the
30 official identification card issued by the bureau or the business
31 card regularly used by the business. However, a licensee may issue
32 an employer identification card.

33 (g) A licensee, or officer, director, partner, manager, or
34 employee of a licensee, shall not enter any private building or
35 portion thereof, except premises commonly accessible to the public,
36 without the consent of the owner or of the person in legal
37 possession thereof.

38 (h) A licensee shall not permit an employee or agent in his or
39 her own name to advertise, engage clients, furnish reports or
40 present bills to clients, or in any manner conduct business for which

1 a license is required under this chapter. All business of the licensee
2 shall be conducted in the name of and under the control of the
3 licensee.

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

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

25 (k) This section shall become operative on ~~January 1, 2020.~~
26 *January 1, 2018.*

27 SEC. 14. No reimbursement is required by this act pursuant to
28 Section 6 of Article XIII B of the California Constitution because
29 the only costs that may be incurred by a local agency or school
30 district will be incurred because this act creates a new crime or
31 infraction, eliminates a crime or infraction, or changes the penalty
32 for a crime or infraction, within the meaning of Section 17556 of
33 the Government Code, or changes the definition of a crime within
34 the meaning of Section 6 of Article XIII B of the California
35 Constitution.