

AMENDED IN SENATE AUGUST 13, 2014

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, 7530, 7538, 7538.5, ~~and 7539~~, and 7570 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. *Under existing law, a license is not assignable.*

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, 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, *as provided*, of the license of a licensee that fails to maintain sufficient insurance ~~pursuant to these provisions, or fails to provide proof of the required insurance upon request by the bureau~~, 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.

This bill would authorize a licensee to apply to the Chief of the Bureau of Security and Investigative Services to assign a license, as provided, to another business entity, upon receipt of consent by the chief and the payment of a processing fee not to exceed \$125.

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, 2018,
7 and as of that date is repealed, unless a later enacted statute, that
8 is enacted before January 1, 2018, deletes or extends that date.

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

11 7512.3. (a) As used in this chapter, “person” includes any
12 individual, firm, company, association, organization, partnership,
13 and corporation.

14 (b) This section shall become operative on January 1, 2018.

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

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

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

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

30 (2) For a limited liability company licensee with more than five
31 persons named as managing members pursuant to subdivision (i)
32 of Section 7525.1, an additional one hundred thousand dollars
33 (\$100,000) of insurance shall be obtained for each person named
34 as managing members of the licensee except that the maximum
35 amount of insurance is not required to exceed five million dollars
36 (\$5,000,000) in any one designated period, less amounts paid in
37 defending, settling, or discharging claims as set forth under this
38 section.

1 (c) Prior to the issuance, reinstatement, or reactivation of a
2 limited liability company license as provided under this chapter,
3 the applicant or licensee shall, in the manner prescribed by the
4 bureau, submit the information and documentation required by
5 this section and requested by the bureau, demonstrating compliance
6 with the financial security requirements specified by this section.

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

16 (e) (1) If a licensee fails to maintain sufficient insurance as
17 required by this section, ~~the license is subject to suspension.~~ *or*
18 *fails to provide proof of the required insurance upon request by*
19 *the bureau, the license is subject to suspension and shall be*
20 *automatically suspended pursuant to this subdivision until the date*
21 *that the licensee provides proof to the bureau of compliance with*
22 *the insurance coverage requirement.*

23 (2) *Prior to an automatic suspension, the bureau shall notify*
24 *the licensee, in writing, that it has 30 days to provide proof to the*
25 *bureau of having the required insurance or the license shall be*
26 *automatically suspended.*

27 (3) *If the licensee fails to provide proof of insurance coverage*
28 *within this period, the bureau may automatically suspend the*
29 *license.*

30 (f) If the license of a limited liability company is suspended
31 pursuant to subdivision (e), each member of the limited liability
32 company shall be personally liable up to one million dollars
33 (\$1,000,000) each for damages resulting to third parties in
34 connection with the company's performance, during the period of
35 suspension, of any act or contract when a license is required by
36 this chapter.

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

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

3 7525.1. An application shall be verified and shall include:

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

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

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

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

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

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

26 (f) In addition, if the applicant for a license is an individual, the
27 application shall list all other names known as or used during the
28 past 10 years and shall state that the applicant is to be personally
29 and actively in charge of the business for which the license is
30 sought. If any other qualified manager is to be actively in charge
31 of the business, the application shall be subscribed, verified, and
32 signed by the applicant, under penalty of perjury. If any other
33 person is to be actively in charge of the business, the application
34 shall also be subscribed, verified, and signed by that person under
35 penalty of perjury.

36 (g) If the applicants for a license are copartners, the application
37 shall state the true names and addresses of all partners and the
38 name of the partner to be actively in charge of the business for
39 which the license is sought and list all other names known as or
40 used during the past 10 years. If a qualified manager other than a

1 partner is to be actively in charge of the business, then the
 2 application shall be subscribed, verified, and signed by all of the
 3 partners under penalty of perjury. If any other person is to be
 4 actively in charge of the business, the application shall also be
 5 subscribed, verified, and signed by that person, under penalty of
 6 perjury, under penalty of perjury by all of the partners and the
 7 qualified manager, or by all of the partners or the qualified
 8 manager.

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

18 (i) If the applicant for a license is a limited liability company,
 19 the application shall state the true name and complete residence
 20 address of each managing member and any other officer or member
 21 who will be active in the business to be licensed. A copy of the
 22 most recent articles of organization, as filed by the Secretary of
 23 State, shall be supplied to the bureau upon request. The application
 24 shall also state the name and residence address of the designated
 25 person to be actively in charge of the business for which the license
 26 is sought. The application shall be subscribed, verified, and signed
 27 by a duly authorized member of the applicant under penalty of
 28 perjury.

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

31 (k) This section shall remain in effect only until January 1, 2018,
 32 and as of that date is repealed, unless a later enacted statute, that
 33 is enacted before January 1, 2018, deletes or extends that date.

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

- 36 7525.1. An application shall be verified and shall include:
 37 (a) The full name and business address of the applicant.
 38 (b) The name under which the applicant intends to do business.
 39 (c) A statement as to the general nature of the business in which
 40 the applicant intends to engage.

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

2 (e) (1) If the applicant is an individual, a qualified manager, a
3 partner of a partnership, or an officer of a corporation designated
4 in subdivision (h), one personal identification form provided by
5 the bureau upon which shall appear a photograph taken within one
6 year immediately preceding the date of the filing of the application
7 together with two legible sets of fingerprints, one set of which
8 shall be forwarded to the Federal Bureau of Investigation for
9 purposes of a background check, on a form approved by the
10 Department of Justice, and a personal description of each person,
11 respectively. The identification form shall include residence
12 addresses and employment history for the previous five years and
13 be signed under penalty of perjury.

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

18 (f) In addition, if the applicant for a license is an individual, the
19 application shall list all other names known as or used during the
20 past 10 years and shall state that the applicant is to be personally
21 and actively in charge of the business for which the license is
22 sought. If any other qualified manager is to be actively in charge
23 of the business, the application shall be subscribed, verified, and
24 signed by the applicant, under penalty of perjury. If any other
25 person is to be actively in charge of the business, the application
26 shall also be subscribed, verified, and signed by that person under
27 penalty of perjury.

28 (g) If the applicants for a license are copartners, the application
29 shall state the true names and addresses of all partners and the
30 name of the partner to be actively in charge of the business for
31 which the license is sought and list all other names known as or
32 used during the past 10 years. If a qualified manager other than a
33 partner is to be actively in charge of the business, then the
34 application shall be subscribed, verified, and signed by all of the
35 partners under penalty of perjury. If any other person is to be
36 actively in charge of the business, the application shall also be
37 subscribed, verified, and signed *under penalty of perjury* by that
38 person, ~~under penalty of perjury, under penalty of perjury~~ by all of
39 the partners and *the* qualified manager, or by all of the partners or
40 the qualified manager.

1 (h) If the applicant for a license is a corporation, the application
2 shall state the true names and complete residence addresses of the
3 chief executive officer, secretary, chief financial officer, and any
4 other corporate officer who will be active in the business to be
5 licensed. The application shall also state the name and address of
6 the designated person to be actively in charge of the business for
7 which the license is sought. The application shall be subscribed,
8 verified, and signed by a duly authorized officer of the applicant
9 and by the qualified manager thereof, under penalty of perjury.

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

12 (j) This section shall become operative on January 1, 2018.

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

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

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

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

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

29 (b) This section shall become operative on January 1, 2018.

30 SEC. 8. *Section 7530 of the Business and Professions Code is*
31 *amended to read:*

32 7530. ~~A~~(a) *Except as provided in this section, a license issued*
33 *under this chapter is not assignable.*

34 (b) *A licensee may apply to the chief for consent, and upon*
35 *receipt of the consent and payment of the processing fee authorized*
36 *by Section 7570, may assign a license to another business entity*
37 *if the direct and indirect owners of the assignor acquire all, or*
38 *substantially all, of the assets of the assignee, contemporaneously*
39 *with the assignment.*

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

4 ~~SEC. 9.~~ *Section 7530 is added to the Business and Professions*
 5 *Code, to read:*

6 7530. (a) *A license issued under this chapter is not assignable.*

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

8 ~~SEC. 8.~~

9 ~~SEC. 10.~~ *Section 7538 of the Business and Professions Code*
 10 *is amended to read:*

11 7538. (a) *After a hearing the director may deny a license unless*
 12 *the applicant makes a showing satisfactory to the director that the*
 13 *applicant, if an individual, has ~~not, or~~ not, or, if the applicant is a*
 14 *person other than an individual, that its manager and each of its*
 15 *officers have not:*

16 (1) *Committed any ~~act, which,~~ act that, if committed by a*
 17 *licensee, would be a ground for the suspension or revocation of a*
 18 *license under this chapter.*

19 (2) *Committed any act constituting dishonesty or fraud.*

20 (3) *Committed any act or crime constituting grounds for denial*
 21 *of licensure under Section 480, including illegally using, carrying,*
 22 *or possessing a deadly weapon.*

23 (4) *Been refused a license under this chapter or had a license*
 24 *revoked.*

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

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

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, 2018,*
 34 *and as of that date is repealed, unless a later enacted statute, that*
 35 *is enacted before January 1, 2018, deletes or extends that date.*

36 ~~SEC. 9.~~

37 ~~SEC. 11.~~ *Section 7538 is added to the Business and Professions*
 38 *Code, to read:*

39 7538. (a) *After a hearing the director may deny a license unless*
 40 *the applicant makes a showing satisfactory to the director that the*

1 applicant, if an individual, has ~~not, or~~ *not, or*, if the applicant is a
2 person other than an individual, that its manager and each of its
3 officers have not:

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

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

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

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

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

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

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

21 (b) This section shall become operative on January 1, 2018.

22 ~~SEC. 10.~~

23 *SEC. 12.* Section 7538.5 of the Business and Professions Code
24 is amended to read:

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

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

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

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

1 (A) He or she was a member of any partnership, an officer or
2 director of any corporation, an officer or person acting in a
3 managerial capacity of any firm or association, or a managing
4 member of any limited liability company whose license was
5 revoked, is currently under suspension, or was not renewed while
6 under suspension.

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

11 (b) This section shall remain in effect only until January 1, 2018,
12 and as of that date is repealed, unless a later enacted statute, that
13 is enacted before January 1, 2018, deletes or extends that date.

14 ~~SEC. 11.~~

15 *SEC. 13.* Section 7538.5 is added to the Business and
16 Professions Code, to read:

17 7538.5. (a) The director may refuse to issue any license
18 provided for in this chapter to any of the following:

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

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

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

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

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

40 (b) This section shall become operative on January 1, 2018.

1 ~~SEC. 12.~~

2 *SEC. 14.* Section 7539 of the Business and Professions Code
3 is amended to read:

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

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

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

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

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

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

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

1 (h) A licensee shall not permit an employee or agent in his or
 2 her own name to advertise, engage clients, furnish reports or
 3 present bills to clients, or in any manner conduct business for which
 4 a license is required under this chapter. All business of the licensee
 5 shall be conducted in the name of and under the control of the
 6 licensee.

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

26 (j) A licensee shall not use a fictitious business name in
 27 connection with the official activities of the licensee’s business,
 28 except as provided by the bureau.

29 (k) This section shall remain in effect only until January 1, 2018,
 30 and as of that date is repealed, unless a later enacted statute, that
 31 is enacted before January 1, 2018, deletes or extends that date.

32 ~~SEC. 13.~~

33 *SEC. 15.* Section 7539 is added to the Business and Professions
 34 Code, to read:

35 7539. (a) Any licensee or officer, director, partner, or manager
 36 of a licensee may divulge to any law enforcement officer or district
 37 attorney, or his or her representative, any information he or she
 38 may acquire as to any criminal offense, but he or she shall not
 39 divulge to any other person, except as otherwise required by law,

1 any information acquired by him or her except at the direction of
2 the employer or client for whom the information was obtained.

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

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

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

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

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

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

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

37 (i) A licensee, officer, director, partner, manager, or employee
38 of a licensee shall not knowingly and directly solicit employment
39 from any person who has directly sustained bodily injury or from
40 that person's spouse or other family member to obtain authorization

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

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

18 (k) This section shall become operative on January 1, 2018.

19 *SEC. 16. Section 7570 of the Business and Professions Code*
 20 *is amended to read:*

21 7570. The fees prescribed by this chapter are as follows:

22 (a) The application and examination fee for an original license
 23 ~~may shall~~ not exceed fifty dollars (\$50).

24 (b) The application fee for an original branch office certificate
 25 ~~may shall~~ not exceed thirty dollars (\$30).

26 (c) The fee for an original license for a private investigator ~~may~~
 27 ~~shall~~ not exceed one hundred seventy-five dollars (\$175).

28 (d) The renewal fee is as follows:

29 (1) For a license as a private investigator, the fee ~~may shall~~ not
 30 exceed one hundred twenty-five dollars (\$125).

31 (2) For a combination license as a private investigator and
 32 private patrol operator under Chapter 11.5 (commencing with
 33 Section 7580), AC or DC prefix, the fee ~~may shall~~ not exceed six
 34 hundred dollars (\$600).

35 (3) For a branch office certificate for a private investigator, the
 36 fee ~~may shall~~ not exceed thirty dollars (\$30), and for a combination
 37 private investigator and private patrol operator under Chapter 11.5
 38 (commencing with Section 7580), the fee ~~may shall~~ not exceed
 39 forty dollars (\$40).

1 (e) The delinquency fee is 50 percent of the renewal fee in effect
2 on the date of expiration.

3 (f) A reinstatement fee is equal to the amount of the renewal
4 fee plus the regular delinquency fee.

5 (g) The fee for reexamination of an applicant or his or her
6 manager ~~may~~ shall not exceed fifteen dollars (\$15).

7 (h) *The processing fee for the assignment of a license pursuant*
8 *to Section 7530 shall not exceed one hundred twenty-five dollars*
9 *(\$125).*

10 (i) *This section shall remain in effect only until January 1, 2018,*
11 *and as of that date is repealed, unless a later enacted statute, that*
12 *is enacted before January 1, 2018, deletes or extends that date.*

13 SEC. 17. Section 7570 is added to the Business and Professions
14 Code, to read:

15 7570. *The fees prescribed by this chapter are as follows:*

16 (a) *The application and examination fee for an original license*
17 *shall not exceed fifty dollars (\$50).*

18 (b) *The application fee for an original branch office certificate*
19 *shall not exceed thirty dollars (\$30).*

20 (c) *The fee for an original license for a private investigator*
21 *shall not exceed one hundred seventy-five dollars (\$175).*

22 (d) *The renewal fee is as follows:*

23 (1) *For a license as a private investigator, the fee shall not*
24 *exceed one hundred twenty-five dollars (\$125).*

25 (2) *For a combination license as a private investigator and*
26 *private patrol operator under Chapter 11.5 (commencing with*
27 *Section 7580), AC or DC prefix, the fee shall not exceed six*
28 *hundred dollars (\$600).*

29 (3) *For a branch office certificate for a private investigator, the*
30 *fee shall not exceed thirty dollars (\$30), and for a combination*
31 *private investigator and private patrol operator under Chapter*
32 *11.5 (commencing with Section 7580), the fee shall not exceed*
33 *forty dollars (\$40).*

34 (e) *The delinquency fee is 50 percent of the renewal fee in effect*
35 *on the date of expiration.*

36 (f) *A reinstatement fee is equal to the amount of the renewal fee*
37 *plus the regular delinquency fee.*

38 (g) *The fee for reexamination of an applicant or his or her*
39 *manager shall not exceed fifteen dollars (\$15).*

40 (h) *This section shall become operative on January 1, 2018.*

1 ~~SEC. 14.~~
2 *SEC. 18.* No reimbursement is required by this act pursuant to
3 Section 6 of Article XIII B of the California Constitution because
4 the only costs that may be incurred by a local agency or school
5 district will be incurred because this act creates a new crime or
6 infraction, eliminates a crime or infraction, or changes the penalty
7 for a crime or infraction, within the meaning of Section 17556 of
8 the Government Code, or changes the definition of a crime within
9 the meaning of Section 6 of Article XIII B of the California
10 Constitution.

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