

AMENDED IN SENATE AUGUST 20, 2014

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, 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, 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, or fails to provide proof of the required
18 insurance upon request by the bureau, the license is subject to
19 suspension and shall be automatically suspended pursuant to this
20 subdivision until the date that the licensee provides proof to the
21 bureau of compliance with the insurance coverage requirement.

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

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

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

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37 and as of that date is repealed, unless a later enacted statute, that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

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

1 7525.1. An application shall be verified and shall include:

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

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

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

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

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

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

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

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

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

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

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

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

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. 5. Section 7525.1 is added to the Business and Professions
 33 Code, to read:

34 7525.1. An application shall be verified and shall include:

- 35 (a) The full name and business address of the applicant.
- 36 (b) The name under which the applicant intends to do business.
- 37 (c) A statement as to the general nature of the business in which
 38 the applicant intends to engage.
- 39 (d) A verified statement of his or her experience qualifications.

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

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

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

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

39 (h) If the applicant for a license is a corporation, the application
40 shall state the true names and complete residence addresses of the

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

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

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

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

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

37 (b) 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. 7. Section 7529 is added to the Business and Professions
2 Code, to read:

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

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

27 SEC. 8. Section 7530 of the Business and Professions Code is
28 amended to read:

29 7530. (a) Except as provided in this section, a license issued
30 under this chapter is not assignable.

31 (b) A licensee may apply to the chief for consent, and upon
32 receipt of the consent and payment of the processing fee authorized
33 by Section 7570, may assign a license to another business entity
34 ~~if the direct and indirect owners of the assignor acquire all, or~~
35 ~~substantially all, of the assets of the assignee, contemporaneously~~
36 ~~with the assignment.~~ *as long as the direct and indirect owners of*
37 *the assignor own all of the assignee immediately after the*
38 *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. 10. Section 7538 of the Business and Professions Code
9 is amended to read:

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

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

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

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

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

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

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

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

35 SEC. 11. Section 7538 is added to the Business and Professions
36 Code, to read:

37 7538. (a) After a hearing the director may deny a license unless
38 the applicant makes a showing satisfactory to the director that the
39 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 that, 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, 2018.

21 SEC. 12. 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 of the following:

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

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

1 member of any limited liability company whose license was
 2 revoked, is currently under suspension, or was not renewed while
 3 under suspension.

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

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

11 SEC. 13. Section 7538.5 is added to the Business and
 12 Professions Code, to read:

13 7538.5. (a) The director may refuse to issue any license
 14 provided for in this chapter to any of the following:

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

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

23 (3) A person who, while acting as a member of the partnership,
 24 an officer or director of the corporation, or an officer or person
 25 acting in a managerial capacity of the firm or association, meets
 26 both of the following conditions:

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

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

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

37 SEC. 14. Section 7539 of the Business and Professions Code
 38 is amended to read:

39 7539. (a) Any licensee or officer, director, partner, managing
 40 member, or manager of a licensee may divulge to any law

1 enforcement officer or district attorney, or his or her representative,
2 any information he or she may acquire as to any criminal offense,
3 but he or she shall not divulge to any other person, except as
4 otherwise required by law, any information acquired by him or
5 her except at the direction of the employer or client for whom the
6 information was obtained.

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

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

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

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

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

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

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

1 shall be conducted in the name of and under the control of the
2 licensee.

3 (i) A licensee, officer, director, partner, manager, managing
4 member, or employee of a licensee shall not knowingly and directly
5 solicit employment from any person who has directly sustained
6 bodily injury or from that person’s spouse or other family member
7 to obtain authorization on behalf of the injured person as an
8 investigator to investigate the accident or act that resulted in injury
9 or death to that person or damage to the property of that person.
10 Nothing in this subdivision shall prohibit the soliciting of
11 employment from that injured person’s attorney, insurance
12 company, self-insured administrator, insurance adjuster, employer,
13 or any other person having an indirect interest in the investigation
14 of the injury. This subdivision shall not apply to any business agent
15 or attorney employed by a labor organization. A licensee, officer,
16 director, partner, managing member, or manager of a licensee shall
17 not pay or compensate any of his or her employees or agents on
18 the basis of a bonus, bounty, or quota system whereby a premium
19 is placed on the number of employer or client rule violations or
20 infractions purportedly discovered as a result of any investigation
21 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 remain in effect only until January 1, 2018,
26 and as of that date is repealed, unless a later enacted statute, that
27 is enacted before January 1, 2018, deletes or extends that date.

28 SEC. 15. Section 7539 is added to the Business and Professions
29 Code, to read:

30 7539. (a) Any licensee or officer, director, partner, or manager
31 of a licensee may divulge to any law enforcement officer or district
32 attorney, or his or her representative, any information he or she
33 may acquire as to any criminal offense, but he or she shall not
34 divulge to any other person, except as otherwise required by law,
35 any information acquired by him or her except at the direction of
36 the employer or client for whom the information was obtained.

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

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

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

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

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

21 (g) A licensee, or officer, director, partner, manager, or
22 employee of a licensee, shall not enter any private building or
23 portion thereof, except premises commonly accessible to the public,
24 without the consent of the owner or of the person in legal
25 possession thereof.

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

32 (i) A licensee, officer, director, partner, manager, or employee
33 of a licensee shall not knowingly and directly solicit employment
34 from any person who has directly sustained bodily injury or from
35 that person's spouse or other family member to obtain authorization
36 on behalf of the injured person as an investigator to investigate
37 the accident or act that resulted in injury or death to that person or
38 damage to the property of that person. Nothing in this subdivision
39 shall prohibit the soliciting of employment from that injured
40 person's attorney, insurance company, self-insured administrator,

1 insurance adjuster, employer, or any other person having an indirect
 2 interest in the investigation of the injury. This subdivision shall
 3 not apply to any business agent or attorney employed by a labor
 4 organization. A licensee, officer, director, partner, or manager of
 5 a licensee shall not pay or compensate any of his or her employees
 6 or agents on the basis of a bonus, bounty, or quota system whereby
 7 a premium is placed on the number of employer or client rule
 8 violations or infractions purportedly discovered as a result of any
 9 investigation made by a licensee.

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

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

14 SEC. 16. Section 7570 of the Business and Professions Code
 15 is amended to read:

16 7570. The fees prescribed by this chapter are as follows:

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

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

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

23 (d) The renewal fee is as follows:

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

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

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

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

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

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

1 (h) The processing fee for the assignment of a license pursuant
2 to Section 7530 shall not exceed one hundred twenty-five dollars
3 (\$125).

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

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

9 7570. The fees prescribed by this chapter are as follows:

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

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

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

16 (d) The renewal fee is as follows:

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

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

23 (3) For a branch office certificate for a private investigator, the
24 fee shall not exceed thirty dollars (\$30), and for a combination
25 private investigator and private patrol operator under Chapter 11.5
26 (commencing with Section 7580), the fee shall not exceed forty
27 dollars (\$40).

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

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

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

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

35 SEC. 18. No reimbursement is required by this act pursuant to
36 Section 6 of Article XIII B of the California Constitution because
37 the only costs that may be incurred by a local agency or school
38 district will be incurred because this act creates a new crime or
39 infraction, eliminates a crime or infraction, or changes the penalty
40 for a crime or infraction, within the meaning of Section 17556 of

- 1 the Government Code, or changes the definition of a crime within
- 2 the meaning of Section 6 of Article XIII B of the California
- 3 Constitution.

O