

## Chapter 74D.

### Security Systems.

#### Article 1.

#### Security Systems Licensing Act.

##### § 74D-1. Title.

This act may be cited as the "Security Systems Licensing Act." (1983, c. 786, s. 1; 2025-51, s. 1(a).)

##### § 74D-2. Business and qualifying agent license requirements.

(a) License Required. – No person, firm, association, corporation, or department or division of a firm, association or corporation, shall engage in or hold itself out as engaging in a security systems business without first being licensed in accordance with this Chapter. A department or division of a firm, association, or corporation may be separately licensed under this Chapter if the distinct department or division, as opposed to the firm, association, or corporation as a whole, engages in a security systems business. The department or division shall ensure strict confidentiality of private security information, and the private security information of the department or division must, at a minimum, be physically separated from other premises of the firm, association, or corporation. For purposes of this Chapter a "security systems business" is defined as any person, firm, association or corporation that does any of the following:

- (1) Unless otherwise exempt, sells or attempts to sell a security system by engaging in any personal solicitation to advise, design, or consult on specific types and specific locations of security system devices.
  - (2) Unless otherwise exempt, installs, services, monitors, or responds to electrical, wireless or hardwired electronic or mechanical alarm signal devices and security systems, integrated automation of a residence or business that includes a security element, burglar alarms, monitored access control, or cameras, analytic capturing devices, systems providing intelligence or other imaging devices used to detect or observe burglary, breaking or entering, intrusion, shoplifting, pilferage, theft, or other unauthorized or illegal activity.
- (b) Repealed by Session Laws 1989, c. 730, s. 1.

(c) Qualifying Agent. – A business entity that is required to be licensed under this Chapter is subject to all of the requirements listed in this subsection with respect to a qualifying agent. For purposes of this Chapter, a "qualifying agent" is an individual who is a full-time employee in a management position who is licensed under this Chapter and whose name and address have been registered with the Board. The requirements are:

- (1) The business entity shall employ a designated qualifying agent who meets the requirements for a license issued under and who is, in fact, licensed under the provisions of this Chapter, unless otherwise approved by the Board. Service upon the qualifying agent appointed by the business entity of any process, notice or demand required by or permitted by law to be served upon the business entity by the Security Systems Licensing Board shall be binding upon the licensed business entity. Nothing herein contained shall limit or affect the right to serve any process, notice or demand required or permitted by law to be served upon a business entity in any other manner or hereafter permitted by law.
- (2) Repealed by Session Laws 2009-328, s. 15, effective October 1, 2009.

- (3) In the event that the qualifying agent upon whom the business entity relies in order to do business ceases to perform his duties as qualifying agent, the business entity shall notify the board in writing by letter or using the Board's online form within 10 working days. The business entity must obtain a substitute qualifying agent within 90 days after the original qualifying agent ceases to serve as qualifying agent. The Director, in his or her discretion, may extend the 90-day period for good cause by an additional 30 days upon a written request of an officer of the company.
  - (4) The license certificate shall list the name of the qualifying agent. No person shall serve as the qualifying agent for more than one business entity without the prior approval of the Board.
  - (5) Repealed by Session Laws 2009-328, s. 15, effective October 1, 2009.
  - (6) The qualifying agent shall be responsible for maintaining a current address and other contact information with the Board.
- (d) Minimum Qualifications for Security Systems License. – An applicant for qualifying agent shall meet all of the following requirements and qualifications:
- (1) The applicant is at least 18 years of age.
  - (2) The applicant is of good moral character and temperate habits. The following shall be prima facie evidence that the applicant does not have good moral character or temperate habits: conviction by any local, State, federal, or military court of any crime involving the illegal use, carrying, or possession of a firearm; conviction of any crime involving the illegal use, possession, sale, manufacture, distribution or transportation of a controlled substance, drug, narcotic, or alcoholic beverages; conviction of a crime involving felonious assault or an act of violence; conviction of a crime involving unlawful breaking or entering, burglary, larceny, or of any offense involving moral turpitude; or a history of addiction to alcohol or a narcotic drug; provided that, for purposes of this subsection, "conviction" means and includes the entry of a plea of guilty, plea of no contest, or a verdict rendered in open court by a judge or jury, including a prayer for judgment continued, adjudication withheld, or equivalent.
  - (3) The applicant has the necessary training, qualifications and experience to be licensed, or the applicant has successfully completed or kept current a Certified Alarm Technician Level I course offered by the Electronic Security Association or equivalent course approved by the Board.
- (e) Repealed by Session Laws 2025-51, s. 1(a), effective October 1, 2025.
- (f) Confidentiality. – Except for purposes of administering the provisions of this section and for law enforcement purposes, the home address or telephone number of an applicant, licensee, or the spouse, children, or parents of an applicant or licensee is confidential under G.S. 132-1.2, and the Board shall not disclose this information unless the applicant or licensee consents to the disclosure. The provisions of this subsection shall not apply when a licensee's home address or telephone number is also the licensee's business address and telephone number. Violation of this subsection shall constitute a Class 3 misdemeanor.
- (g) [Out-of-State Monitoring Companies. – ] An alarm monitoring company located in another state and licensed by that state which demonstrates to the Board's satisfaction that it does not conduct any business through a personal representative present in this State, but which solicits and conducts business solely through interstate communication facilities, such as telephone, the

internet, and the United States Postal Service, upon receipt by the Board of a certificate of good standing from the state of licensure is not required to register employees pursuant to G.S. 74D-8. Out-of-state monitoring companies not licensed in any state must be licensed by the Board and must register employees pursuant to G.S. 74D-8.

(h) [Companies Licensed Under Chapter 74C of the General Statutes. – ] A security guard and patrol company licensed under Chapter 74C of the General Statutes that remotely monitors access control, cameras, analytic capturing devices, systems providing intelligence, or other imaging devices shall obtain a separate limited monitoring license and may utilize the same qualifying agent for the limited license as utilized for its security guard and patrol license and shall not be required to meet the requirements of G.S. 74D-2(c)(4) and (d)(3) or hold a low voltage electrical license. The qualifying agent must successfully complete a central station monitoring operator course approved by the Board. (1983, c. 786, s. 1; 1985, c. 561, s. 1; 1989, c. 730, s. 1; 1991 (Reg. Sess., 1992), c. 953, s. 1; 1999-446, s. 2; 2002-147, s. 4; 2009-328, s. 15; 2009-557, s. 1; 2017-211, s. 5(a); 2025-51, s. 1(a).)

### **§ 74D-2.1. Criminal background checks.**

(a) Authorization. – Upon receipt of an application for a license or registration, the Board shall conduct a background investigation to determine whether the applicant meets the requirements for a license or registration as set out in G.S. 74D-2(d). The State Bureau of Investigation may provide a criminal record check to the Board for a person who has applied for a new or renewal license or registration through the Board. The Board shall provide to the State Bureau of Investigation, along with the request, the fingerprints of a new applicant, and the State Bureau of Investigation shall provide a criminal record check based upon the applicant's fingerprints. The Board may request a criminal record check from the State Bureau of Investigation for a renewal applicant based upon the applicant's fingerprints in accordance with policy adopted by the Board. The Board shall provide any additional information required by the State Bureau of Investigation and a form signed by the applicant consenting to the check of the criminal record and to the use of the fingerprints and other identifying information required by the State or national repositories. The applicant's fingerprints shall be forwarded to the State Bureau of Investigation for a search of the State's criminal history record file, and the State Bureau of Investigation shall forward a set of the fingerprints to the Federal Bureau of Investigation for a national criminal history check. The State Bureau of Investigation may charge each applicant a fee to be collected by the Board and transmitted to the State Bureau of Investigation for conducting the checks of criminal history records authorized by this subsection.

The Board may require a new or renewal applicant to obtain a criminal record report from one or more reporting services designated by the Board to provide criminal record reports. Applicants are required to pay the designated reporting service for the cost of these reports.

(b) Confidentiality. – Except as necessary to support the denial of an application or a disciplinary matter in a contested case, the Board shall keep all information obtained pursuant to this section confidential in accordance with applicable State law and federal guidelines, and the information shall not be a public record under Chapter 132 of the General Statutes. (2009-328, s. 16; 2014-100, s. 17.1(o); 2025-51, s. 1(a).)

### **§ 74D-3. Exemptions.**

(a) The provisions of this Chapter shall not apply to the following:

- (1) A person, firm, association or corporation that sells or manufactures security systems, unless the person, firm, association or corporation makes personal solicitations at a residence or business to advise, design, or consult on specific types and specific locations of security system devices, installs, services, monitors, or responds to security systems at or from a protected premises or a premises to be protected and thereby obtains knowledge of specific application or location of the security system.
- (2) Installation, servicing or responding to fire alarm systems or any alarm device which is installed in a motor vehicle, aircraft or boat.
- (3) Installation or service of an electronic security system on property owned by or leased to the installer.
- (4) Repealed by Session Laws 2025-51, s. 1(a), effective October 1, 2025.
- (5) Repealed by Session Laws 2025-51, s. 1(a), effective October 1, 2025.
- (6) Installation or service of a locking device that records entry and exit data and does not transmit the data in real time to an on-site or off-site monitoring location, provided the installer is licensed by the North Carolina Locksmith Licensing Board.
- (7) An entity through which a customer accesses marketing or advertising material or installation instructions for a security system.

(b) A person licensed under this Chapter may utilize a consultant or manufacturer's representative to troubleshoot a location or installation if accompanied by the licensee and the licensee submits a report to the Board within 30 days from the date of the consultation designating the consultant as a temporary consultant. (1983, c. 786, s. 1; 1987, c. 11; 1989, c. 730, s. 2; 1991 (Reg. Sess., 1992), c. 953, s. 2; 2009-557, s. 2; 2025-51, s. 1(a).)

#### **§ 74D-4. Security Systems Licensing Board.**

- (a) The Security Systems Licensing Board is hereby established.
- (b) The Board shall consist of seven members: the Secretary of Public Safety or his or her designee; two persons appointed by the Governor, one of whom shall be licensed under this Chapter and one of whom shall be a public member; two persons appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate in accordance with G.S. 120-121, one of whom shall be licensed under this Chapter and one of whom shall be a public member; and two persons appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives in accordance with G.S. 120-121, one of whom shall be licensed under this Chapter and one of whom shall be a public member.
- (c) Each member shall be appointed for a term of three years and shall serve until a successor is installed. With the exception of the Secretary or his or her designee, no member shall serve more than two complete three-year consecutive terms.
- (d) A vacancy on the Board shall be filled for the unexpired term by the original appointing authority. Vacancies in legislative appointments shall be filled under G.S. 120-122. A vacancy may be created by removal of a Board member, either at the pleasure of the original appointing authority or by the remaining members of the Board for misconduct, incompetence or neglect of duty. A Board member may only be removed by remaining board members pursuant to a hearing at which the member subject to removal has an opportunity to be heard.
- (e) Board members who are also State officers or employees shall receive no per diem compensation for serving on the Board, and shall only receive the travel allowances set forth in

G.S. 138-6. All other Board members shall receive reimbursement in accordance with G.S. 93B-5(b) and, notwithstanding G.S. 93B-5(a), shall receive as compensation for their services per diem not to exceed one hundred dollars (\$100.00) for each day during which they are engaged in the official business of the Board. The Board shall set the travel allowance and per diem compensation of Board members who are not also State officers or employees.

(f) The Board shall elect a chair and a vice-chair from its membership by majority vote at the first meeting of its fiscal year. The vice-chair shall serve as chair of the screening committee and shall also serve as chair in the chair's absence. At no time shall both the positions of chair and vice-chair be held by either an industry representative or a nonindustry representative.

(g) The Board shall meet at the call of the chair or a majority of the members of the Board. The Board shall adopt rules governing the call and conduct of its meetings. A majority of the current Board membership constitutes a quorum.

(h) The Board shall pay the appropriate State agency for the use of physical facilities and services provided to it by the State. (1983, c. 786, s. 1; 1985, c. 561, s. 4; 1985 (Reg. Sess., 1986), c. 1026, s. 18; 1989, c. 730, s. 3; 1991 (Reg. Sess., 1992), c. 953, s. 3; 1995, c. 490, s. 6; 2011-145, s. 16.3(b); 2014-100, s. 17.5(e); 2025-51, s. 1(a).)

#### **§ 74D-5. Powers of the Board.**

(a) In addition to the powers conferred upon the Board elsewhere in this Chapter, the Board shall have the power to do the following:

- (1) Promulgate rules necessary to carry out and administer the provisions of this Chapter including the authority to require the submission of reports and information by licensees under this Chapter.
- (2) Determine minimum qualifications and establish minimum education, experience, and training standards for applicants, licensees, and registrants under this Chapter.
- (3) Conduct investigations regarding alleged violations and make evaluations as may be necessary to determine if unlicensed individuals or entities are in violation of this Chapter and licensees and registrants under this Chapter are complying with the provisions of this Chapter. The Board shall issue cease and desist orders, in writing, for violations of this Chapter with the concurrence of the Secretary of Public Safety.
- (4) Adopt and amend bylaws, consistent with law, for its internal management and control.
- (5) Investigate and approve individual applicants to be licensed or registered according to this Chapter.
- (6) Deny, suspend, or revoke any license issued or to be issued under this Chapter to any applicant, licensee, or registrant who fails to satisfy the requirements of this Chapter or the rules established by the Board. The denial, suspension, or revocation of such license or registration shall be in accordance with Chapter 150B of this General Statutes of North Carolina.
- (7) Issue subpoenas to compel the attendance of witnesses and the production of pertinent books, accounts, records, and documents. The district court shall have the power to impose punishment pursuant to G.S. 5A-21 et seq. for acts occurring in matters pending before the Board which would constitute civil contempt if the acts occurred in an action pending in court.

- (8) Contract for services as necessary to carry out the functions of the Board.
- (9) Acquire, hold, rent, encumber, alienate, and otherwise deal with real property in the same manner as a private person or corporation, subject only to approval of the Governor and the Council of State. Collateral pledged by the Board for an encumbrance is limited to the assets, income, and revenues of the Board.

(b) The chair of the Board or his or her representative designated to be a hearing officer may conduct any hearing called by the Board for the purpose of denial, suspension, or revocation of a license or registration under this Chapter.

(c) The regulation of security system businesses shall be exclusive to the Board; however, any city or county shall be permitted to require a security business operating within its jurisdiction to register and to supply information regarding its license and may adopt an ordinance to require users of electronic security systems to obtain revocable permits when alarm usage involves automatic signal transmission to a law enforcement agency. (1983, c. 786, s. 1; 1987, c. 827, s. 1; 1999-456, s. 21; 2025-51, s. 1(a).)

#### **§ 74D-5.1. Position of Director created.**

The position of Director of the Security Systems Licensing Board is hereby created within the Department of Public Safety. The Secretary of Public Safety shall appoint a person to fill this full-time position. The Director's duties shall be to administer the directives contained in this Chapter and the rules adopted by the Board to implement this Chapter and to carry out the administrative duties incident to the functioning of the Board in order to actively police the security systems industry to ensure compliance with the law in all aspects. The Director may issue a temporary grant or denial of a request for registration subject to final action by the Board at its next regularly scheduled meeting. (1985, c. 561, s. 3; 1991 (Reg. Sess., 1992), c. 953, s. 4; 1999-456, s. 22; 2001-487, s. 65(a); 2014-100, s. 17.5(f); 2025-51, s. 1(a).)

#### **§ 74D-5.2. Investigative powers of the Secretary of Public Safety.**

The Secretary of Public Safety shall have the power to investigate or cause to be investigated any complaints, allegations, or suspicions of wrongdoing or violations of this Chapter involving individuals unlicensed, licensed, or to be licensed, under this Chapter. Any investigation conducted pursuant to this section is deemed confidential and is not subject to review under G.S. 132-1 until the investigation is complete and a report is presented to the Board. However, the report may be released to the licensee after the investigation is complete but before the report is presented to the Board. (1985, c. 561, s. 5; 2009-557, s. 3; 2014-100, s. 17.5(g); 2025-51, s. 1(a).)

#### **§ 74D-6. Denial of a license or registration.**

Upon receipt of an application for licensure or registration under this Chapter, the Board shall determine whether the applicant shall receive the license or registration applied for. The grounds for denial include all of the following:

- (1) Commission of some act which, if committed by a registrant or licensee, would be grounds for the suspension or revocation of a registration or license under this Chapter.
- (2) Conviction of a crime involving the illegal use, carrying, or possession of a firearm, felonious assault or an act of violence, felonious sexual offense, felonious larceny, or felonious fraud. For purposes of this subdivision, "conviction" means and includes the entry of a plea of guilty, plea of no contest,

or a verdict entered in open court by a judge or jury, including a prayer for judgment continued, adjudication withheld, or equivalent.

- (3) Lack of good moral character or temperate habits. The following misdemeanor convictions shall be prima facie evidence that the applicant does not have good moral character or temperate habits: conviction by any local, State, federal, or military court of any crime involving the illegal use, carrying, or possession of a firearm; conviction of any crime involving the illegal use, possession, sale, manufacture, distribution, or transportation of a controlled substance, drug, narcotic, or alcoholic beverages; conviction of a crime involving assault or an act of violence; conviction of a crime involving unlawful breaking or entering, burglary or larceny; conviction of a crime involving a sexual offense; or a history of addiction to alcohol or a narcotic drug; provided that, for purposes of this subdivision, "conviction" means and includes the entry of a plea of guilty, plea of no contest, or a verdict rendered in open court by a judge or jury, including a prayer for judgment continued, adjudication withheld, or equivalent.
- (4) Previous denial under this Chapter or previous revocation for cause.
- (5) Knowingly making any false statement or misrepresentation in an application made to the Board for a license or registration.
- (6) Being a registered sex offender in this State or any other state. (1983, c. 786, s. 1; 1985, c. 561, s. 2; 1991 (Reg. Sess., 1992), c. 953, s. 5; 2025-51, s. 1(a).)

**§ 74D-7. Form of license; term; assignability; renewal; posting; branch offices; fees.**

(a) The license when issued shall be in a form determined by the Board and shall state all of the following:

- (1) The name of the licensee.
- (2) The name under which the licensee is to operate.
- (3) The number and expiration date of the license.

(b) The license shall be issued for a term of two years. Each license must be renewed before expiration of the term of the license. Following issuance, the license shall at all times be posted in a conspicuous place in the principal place of business of the licensee. A license issued under this Chapter is not assignable.

(c) No licensee shall engage in any business regulated by this Chapter under a name other than the licensee's name or names which appear on the certificate issued by the Board.

(d) Any branch office in this State with a security systems business shall obtain a branch office certificate. A separate certificate stating the location and licensed qualifying agent shall be posted at all times in a conspicuous place in each branch office. Every business covered under the provisions of this Chapter shall file in writing with the Board the addresses of each of its branch offices in this State. All licensees with a branch office shall notify the Board in writing before the establishment, closing, or changing of the location of any branch office in this State. Temporary approval may be granted by the Director, upon application of the qualifying agent, for a period of time not to exceed 45 days after the adjournment of the next regularly scheduled meeting of the Board unless the Board determines that the application should be denied.

(e) The Board may charge the following fees, which must be expended, under the direction of the Board, to defray the expense of administering this Chapter:

- (1) A nonrefundable initial license application fee in an amount not to exceed one hundred fifty dollars (\$150.00).
- (2) A new or renewal license fee in an amount not to exceed five hundred dollars (\$500.00).
- (3) A late license renewal fee to be paid in addition to the renewal fee due in an amount not to exceed one hundred dollars (\$100.00), if the license has not been renewed on or before the expiration date of the license.
- (4) A new or renewal registration fee in an amount not to exceed fifty dollars (\$50.00) plus any fees charged to the board for background checks by the State Bureau of Investigation.
- (5) A fee for reregistration of an employee who changes employment to another licensee, not to exceed ten dollars (\$10.00).
- (6) A branch office certificate fee not to exceed one hundred fifty dollars (\$150.00).
- (7) A fee not to exceed fifty dollars (\$50.00) for each reconsideration of a license or registration permit that has been filed or returned to the applicant for correctable errors.
- (8) A late registration fee, to be paid in addition to the registration renewal fee, not to exceed twenty dollars (\$20.00) for an application submitted no more than 30 days after the expiration of the registration permit. A registration application submitted more than 30 days after the registration has expired shall be registered as a new applicant. (1983, c. 786, s. 1; 1989, c. 730, s. 4; 1991 (Reg. Sess., 1992), c. 953, s. 6; 2001-487, s. 65(b); 2004-201, s. 1; 2009-557, s. 4; 2025-51, s. 1(a).)

**§ 74D-8. Registration of persons employed.**

(a)(1) A licensee of a security systems business shall register with the Board within 30 days after the employment begins, all of the licensee's employees described in subdivision (1a) of this subsection that are within the State, unless in the discretion of the Director, the time period is extended for good cause.

- (1a) The following employees shall be registered with the Board:
  - a. Any employee that has access to any information detailing the design, installation, or application of any security system or has access to any code, number, or program that would allow the system to be modified, altered, or circumvented.
  - b. Any employee who conducts personal sales in a private residence or who installs or services a security system in a commercial business establishment or a personal residence.
  - c. Any employee who remotely monitors a security system, including cameras, unless the employee is registered as a security guard with a licensed security guard and patrol company under Chapter 74C of the General Statutes.

Employees engaged only in sales or marketing that does not involve any of the above are not required to be registered.

- (1b) To register an employee, a licensee shall submit to the Board as to the employee: set(s) of classifiable fingerprints on standard F.B.I. applicant cards;

recent color photograph(s) of acceptable quality for identification; and statements of any criminal records as deemed appropriate by the Board.

- (2) Except during the period allowed for registration in subdivision (a)(1) of this section, no security systems business may employ any employee required to be registered by this Chapter unless the employee's registration has been approved by the Board as set forth in this section.
- (3) A licensee may employ an applicant for registration as a probationary employee for 20 consecutive days. Upon completion of the probationary period and the desire of the licensee to hire the registration applicant as a regular employee, the licensee shall register the employee, as described in this subsection, with the Board within 30 days after the probationary employment period ends unless the Director, in the Director's discretion, extends the time period for good cause. Before a probationary employee engages in systems services, the employee shall complete any training requirements and the licensee shall conduct a criminal record check on the employee, as the Board deems appropriate. The licensee shall submit a list of the probationary employees to the Director on a monthly basis. The list shall include the name, address, social security number, and dates of employment of the employees.

(b) The Director shall be notified in writing of the termination of any employee registered under this Chapter within 20 days after the termination.

(c) The Board shall issue a registration card to each employee of a licensee who is registered under this Chapter. The registration card shall expire two years after its date of issuance and shall be renewed before the expiration of the term of the registration. If a registered person changes employment to another licensee, the registration card may remain valid; however, persons changing employment must pay the fee authorized by G.S. 74D-7(e)(5).

(d) If all required documents, properly completed, have been submitted to the Board no later than 20 days after an employee begins employment, the employer of each applicant for registration shall give the applicant a copy of the complete application which the employee can use until a registration card issued by the Board is received. (1983, c. 786, s. 1; 1985, c. 561, s. 6; 1989, c. 730, s. 5; 1991 (Reg. Sess., 1992), c. 953, s. 7; 2001-487, s. 65(c); 2009-557, s. 5; 2017-211, s. 5(b); 2018-114, s. 6; 2025-51, s. 1(a).)

#### **§ 74D-8.1. Apprenticeship registration permit.**

(a) The Board may issue an apprenticeship registration permit to an applicant who is 16 or 17 years old if the applicant submits at least three letters of recommendation stating that the applicant is of good moral character as provided in G.S. 74D-2(d)(2). The letters of recommendation shall be from persons who are not related to the applicant.

(b) There shall be no fee for an apprenticeship registration permit, and the permit shall expire when the holder attains the age of 18 years. The denial, suspension, or revocation of an apprenticeship registration permit shall be in accordance with the provisions of Chapter 150B of the General Statutes.

(c) The applicant shall not perform services as authorized under this Chapter until after the Board has reviewed his or her application and issued him or her an apprenticeship registration permit. The holder of an apprenticeship registration permit shall be accompanied by a licensee or registered employee while engaged in activities authorized under this Chapter. (1999-446, s. 3; 2025-51, s. 1(a).)

**§ 74D-9. Certificate of liability insurance required; form and approval; suspension for noncompliance.**

(a) through (c) Repealed by Session Laws 1985, c. 561, s. 8.

(d) No license shall be issued under this act unless the applicant files with the Board evidence of a policy of liability insurance which policy must provide for the following minimum coverage: two hundred fifty thousand dollars (\$250,000) because of bodily injury or death of one person as a result of the negligent act or acts of the principal insured or his agents operating in the course and scope of his employment; subject to said limit for one person, five hundred thousand dollars (\$500,000) because of bodily injury or death of two or more persons as the result of the negligent act or acts of the principal insured or his agent operating in the course and scope of his or her agency; one hundred thousand dollars (\$100,000) because of injury to or destruction of property of others as the result of the negligent act or acts of the principal insured or his agents operating in the course and scope of his or her agency.

(e) An insurance carrier shall have the right to cancel such policy of liability insurance upon giving written notice to the Board within a reasonable time before the effective date of the cancellation. Provided, however, that such cancellation shall not affect any liability on the policy which accrued prior thereto. The policy of liability shall be approved by the Board as to form, execution, and terms thereon.

(f) Every licensee shall at all times maintain on file with the Board a certificate of insurance required by this Chapter in full force and effect and upon failure to do so, the license of such licensee shall be automatically suspended and shall not be reinstated until an application therefor, in the form prescribed by the Board, is filed together with a proper insurance certificate. (1983, c. 786, s. 1; 1985, c. 561, s. 8; 1989, c. 730, s. 6; 1991 (Reg. Sess., 1992), c. 953, s. 8; 2025-51, s. 1(a).)

**§ 74D-10. Suspension or revocation of licenses and registrations; appeal.**

(a) The Board may, after notice and an opportunity for hearing, suspend or revoke a license or registration issued under this Chapter if it is determined that the licensee or registrant has:

- (1) Made any false statement or given any false information in connection with any application for a license or registration, or for the renewal or reinstatement of a license or registration.
- (2) Violated any provision of this Chapter.
- (3) Violated any rule adopted by the Board pursuant to the authority contained in this Chapter.
- (4) Been convicted of any felony as set forth in G.S. 74D-6(2) or any crime as set forth in G.S. 74D-6(3).
- (5) Failed to correct business practices or procedures that have resulted in a prior reprimand by the Board.
- (6) Impersonated or permitted or aided and abetted any other person to impersonate a law-enforcement officer of the United States, this State, or any of its political subdivisions.
- (7) Engaged in or permitted any employee to engage in any security systems business when not lawfully in possession of a valid registration issued under the provisions of this Chapter.

- (8) Committed an unlawful breaking or entering, burglary, larceny, sexual offense, trespass, fraud, assault, battery, or kidnapping.
- (9) Committed any other act which is a ground for the denial of an application for a license or registration under this Chapter.
- (10) Failed to maintain the certificate of liability insurance required by this Chapter.
- (11) Any judgment of incompetency by a court having jurisdiction under Chapter 35A or former Chapter 35 of the General Statutes or commitment to a mental health facility for treatment of mental illness, as defined in G.S. 122C-3(21), by a court having jurisdiction under Article 5 of Chapter 122C of the General Statutes.
- (12) Accepted payment in advance for services not performed within a reasonable time period.
- (13) A lack of temperate habits or good moral character. The acts that are prima facie evidence of lack of temperate habits or good moral character under G.S. 74D-6(3) are prima facie evidence of the same under this subdivision.
- (14) Been previously denied a license or registration under this Chapter or previously had a license or registration revoked for cause.
- (15) Engaged in the security systems profession under a name other than the name under which the license was obtained under the provisions of this Chapter.
- (16) Advertised or solicited business using a name other than that in which a license was issued.
- (17) Failed or refused to reasonably cooperate with the Board or its agents during an investigation of any complaint, allegation, suspicion of wrongdoing, or violation of this Chapter.
- (18) Failed to properly make any disclosure or provide documents or information required by this Chapter or by the Board.
- (19) Engaged in conduct that constitutes dereliction of duty or otherwise deceives, defrauds, or harms the public in the course of professional activities or services, including fraudulently claiming a change in business ownership, fraudulently claiming dissolution of a competing business, fraudulently claiming to be a representative of the consumer's current service provider, misrepresentation of employer, or misrepresenting an upgrade of equipment as a sales tactic.
- (20) Demonstrated a lack of financial responsibility.

(b) The revocation or suspension of license or registration by the Board as provided in subsection (a) shall be in writing, stating the grounds upon which the Board decision is based. The aggrieved person shall have the right to appeal from such decision as provided in Chapter 150B of the General Statutes. (1983, c. 786, s. 1; 1985, c. 561, s. 9; 1987, c. 550, s. 21; c. 827; s. 1; 1989, c. 730, s. 7; 1991 (Reg. Sess., 1992), c. 953, s. 9; 2009-557, s. 6; 2025-51, s. 1(a).)

#### **§ 74D-11. Enforcement.**

(a) The Board may apply in its own name to any judge of the Superior Court of the General Court of Justice for an injunction in order to prevent any violation or threatened violation of the provisions of this Chapter.

(b) Any person, firm, association, corporation, or department or division of a firm, association or corporation, or their agents and employees violating any of the provisions of this Chapter or knowingly violating any rule promulgated to implement this Chapter shall be guilty of a

Class 1 misdemeanor. The Attorney General, or his or her representative, shall have concurrent jurisdiction with the district attorneys of this State to prosecute violations of this Chapter.

(c) Repealed by Session Laws 2025-51, s. 1(a), effective October 1, 2025.

(d) In lieu of revocation of suspension of a license or registration under G.S. 74D-10, a civil penalty of not more than two thousand dollars (\$2,000) per violation may be assessed by the Board against any person that violates any provision of this Chapter or any rule of the Board adopted pursuant to this Chapter. In determining the amount of any penalty, the Board shall consider the degree and extent of harm caused by the violation. The clear proceeds of all penalties collected under this section shall be remitted to the Civil Penalty and Forfeiture Fund in accordance with G.S. 115C-457.2.

(e) Proceedings for the assessment of civil penalties shall be governed by Chapter 150B of the General Statutes. If the person assessed a penalty fails to pay the penalty to the Board, the Board may institute an action in the superior court of the county in which the person resides or has his or her principal place of business to recover the unpaid amount of the penalty. An action to recover a civil penalty under this section shall not relieve any party from any other penalty prescribed by law.

(f) The sale, installation, or service of a security system by an unlicensed or unregistered person shall constitute a threat to the public safety, and any contract for the sale, installation, or service of a security system shall be deemed void and unenforceable. (1983, c. 786, s. 1; 1989, c. 730, s. 8; 1991 (Reg. Sess., 1992), c. 953, s. 10; 1993, c. 539, s. 558; 1994, Ex. Sess., c. 24, s. 14(c); 1998-215, s. 127; 2009-557, s. 7; 2021-84, s. 4; 2025-51, s. 1(a).)

#### **§ 74D-12. Severability.**

If any provision of this Chapter or the application thereof to any person or circumstance is for any reason held invalid, such invalidity shall not affect other provisions or applications of the Article which can be given effect without the invalid provision or application, and to this end the provisions of this Chapter are declared to be severable. (1983, c. 786, s. 1.)

#### **§ 74D-13. Repealed by Session Laws 2025-51, s. 1(a), effective October 1, 2025.**

#### **§ 74D-14. Proof of licensure to maintain or commence action.**

A security systems business may not maintain any action in any court of the State for the collection of compensation for performing an act for which a license or registration is required by this Chapter without alleging and proving that the security systems business is appropriately licensed and the employee or agent of the security systems business is appropriately registered upon entering into a contract with the consumer. A security systems installation, maintenance, or monitoring contract entered into with a consumer shall be void if the consumer confirms through records maintained by the Board that the security systems business is not properly licensed or the consumer establishes through records maintained by the Board that the person enticing the consumer to enter into the contract is not properly registered by the Board. The sale, installation, or service of a security system by an unlicensed entity or unregistered employee shall be deemed an unfair and deceptive trade practice and shall be actionable under Chapter 75 of the General Statutes. (2009-557, s. 8; 2025-51, s. 1(a).)

#### **§ 74D-15. Reserved for future codification purposes.**

- § 74D-16. Reserved for future codification purposes.
- § 74D-17. Reserved for future codification purposes.
- § 74D-18. Reserved for future codification purposes.
- § 74D-19. Reserved for future codification purposes.
- § 74D-20. Reserved for future codification purposes.
- § 74D-21. Reserved for future codification purposes.
- § 74D-22. Reserved for future codification purposes.
- § 74D-23. Reserved for future codification purposes.
- § 74D-24. Reserved for future codification purposes.
- § 74D-25. Reserved for future codification purposes.
- § 74D-26. Reserved for future codification purposes.
- § 74D-27. Reserved for future codification purposes.
- § 74D-28. Reserved for future codification purposes.
- § 74D-29. Reserved for future codification purposes.

Article 2.

Security Systems Education Fund.

**§ 74D-30. Security Systems Education Fund created; payment to Fund; management; use of funds.**

(a) There is hereby created and established a special fund to be known as the "Security Systems Education Fund" (hereinafter Fund) which shall be set aside and maintained in the office of the State Treasurer. The Fund shall be used in the manner provided in this Article for the education of licensees and registrants.

(b) Repealed by Session Laws 2009-557, s. 10, effective October 1, 2009, and applicable to licenses or registrations issued or renewed on or after that date.

(c) In addition to the fees provided for elsewhere in this Chapter, the Board shall charge the following fees which shall be deposited into the Fund:

- (1) Repealed by Session Laws 2025-51, s. 1(a), effective October 1, 2025.
- (2) The Board shall charge each new applicant for a license fifty dollars (\$50.00).
- (3) The Board is authorized to charge each licensee an additional amount, not to exceed fifty dollars (\$50.00), on July 1 of any year in which the balance of the Fund is less than twenty-five thousand dollars (\$25,000).

(d) The State Treasurer shall invest and reinvest the moneys in the Fund in a manner provided by law. The Board in its discretion, may use the Fund for any of the following purposes:

- (1) To advance education and research in the security systems field for the benefit of those licensed under the provisions of this Chapter and for the improvement of the industry.
- (2) To underwrite educational seminars, training centers and other educational projects for the use and benefit generally of licensees.
- (3) To sponsor, contract for and to underwrite any and all additional educational training and research projects of a similar nature having to do with the advancement of the security systems field in North Carolina. (1985, c. 561, s. 7; 2009-557, s. 10; 2025-51, s. 1(b).)

**§ 74D-31: Repealed by Session Laws 2009-557, s. 11, effective October 1, 2009, and applicable to licenses or registrations issued or renewed on or after that date.**

**§ 74D-32: Repealed by Session Laws 2009-557, s. 11, effective October 1, 2009, and applicable to licenses or registrations issued or renewed on or after that date.**

**§ 74D-33: Repealed by Session Laws 2009-557, s. 11, effective October 1, 2009, and applicable to licenses or registrations issued or renewed on or after that date.**