

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1989

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SENATE BILL 605
Judiciary I Committee Substitute Adopted 5/2/89

Short Title: Amend Protective Services.

(Public)

Sponsors:

Referred to:

March 22, 1989

1 A BILL TO BE ENTITLED
2 AN ACT TO AMEND THE LAWS CONCERNING THE PRIVATE PROTECTIVE
3 SERVICES BOARD AND THE PRIVATE PROTECTIVE SERVICES
4 RECOVERY FUND.

5 The General Assembly of North Carolina enacts:

6 Section 1. G.S. 74C-1 reads as rewritten:

7 "§ 74C-1. Title.

8 This Chapter may be cited as the Private Protective Services Act. The purpose of
9 this act is to increase the level of integrity, competency, and performance of Private
10 Protective Service Professions in order to safeguard the public health, safety, and
11 welfare."

12 Sec. 2. G.S. 74C-2 reads as rewritten:

13 "§ 74C-2. Licenses required.

14 (a) No private person, firm, association, or corporation shall engage in, perform
15 any services as, or in any way represent or hold itself out as engaging in a private
16 protective service ~~business-profession~~ or activity in this State without having first
17 complied with the provisions of this Chapter. Compliance with licensing requirements
18 of this Chapter shall not relieve any person, firm, association or corporation from
19 compliance with any other licensing law.

20 (b) An individual in possession of a valid private protective services license or
21 private detective trainee permit issued prior to ~~July 1, 1973~~ October 1, 1989, shall not be
22 subject to forfeiture of such license by virtue of this Chapter. Such license shall,
23 however, remain subject to suspension, denial, or revocation in the same manner in

1 which all other licenses issued pursuant to this Chapter are subject to suspension, denial,
2 or revocation.

3 (c) In its discretion, the Private Protective Services Board may issue a trainee
4 permit in lieu of a private investigator license provided that the applicant works under
5 the direct supervision of a licensee."

6 Sec. 3. G.S. 74C-3 reads as rewritten:

7 **"§ 74C-3. Private protective services ~~business~~ profession defined.**

8 (a) As used in this Chapter, the term 'private protective services ~~business~~
9 profession' means and includes the following:

10 (1) 'Armored car business' means any person, firm, association, or
11 corporation which provides secured transportation and protection from
12 one place or point to another place or point of money, currency, coins,
13 bullion, securities, checks, documents, stocks, bonds, jewelry,
14 paintings, and other valuables for a fee or other valuable consideration.
15 This definition does not include a person employed regularly and
16 exclusively as an employee by one employer in connection with the
17 business affairs of such employer. This definition does not include a
18 person operating an armored car business pursuant to a motor carrier
19 certificate or permit issued by the North Carolina Utilities Commission
20 which grants operating rights for such business; however, armed
21 armored car service guards shall be subject to the provisions of G.S.
22 74C-13.

23 (2) Repealed by Session Laws 1983, c. 786, s. 2, effective January 1,
24 1984.

25 (3) 'Counterintelligence service ~~business~~ profession' means any person,
26 firm, association, or corporation which discovers, locates, or
27 disengages by electronic, electrical, or mechanical means any
28 listening or other monitoring equipment surreptitiously placed to
29 gather information concerning any individual, firm, association, or
30 corporation for a fee or other valuable consideration. This definition
31 does not include a person employed regularly and exclusively as an
32 employee by one employer in connection with the business affairs of
33 such employer.

34 (4) 'Courier service ~~business~~ profession' means any person, firm,
35 association, or corporation which transports or offers to transport from
36 one place or point to another place or point documents, papers, maps,
37 stocks, bonds, checks, or other small items of value which require
38 expeditious service for a fee or other valuable consideration. This
39 definition does not include a person employed regularly and
40 exclusively as an employee by one employer in connection with the
41 business affairs of such employer. This definition does not include a
42 person operating a courier service business pursuant to a motor carrier
43 certificate or permit issued by the North Carolina Utilities Commission
44 which grants operating rights for such business; however, armed

1 courier service guards shall be subject to the provisions of G.S. 74C-
2 13.

3 (5) 'Detection of deception examiner' means any person, firm, association,
4 or corporation which uses any device or instrument, regardless of its
5 name or design, for the purpose of the detection of deception or any
6 person who reviews the work product of an examiner including charts,
7 tapes or other methods of record keeping for the purpose of detecting
8 deception or determining accuracy.

9 (6) 'Security guard and patrol ~~business~~ profession ' means any person,
10 firm, association, or corporation ~~engaging in the business of providing~~
11 which provides a private watchman, guard, or street patrol service on a
12 contractual basis for another person, firm, association, or corporation
13 for a fee or other valuable consideration and performing one or more
14 of the following functions:

- 15 a. Prevention and/or detection of intrusion, entry, larceny,
16 vandalism, abuse, fire, or trespass on private property;
- 17 b. Prevention, observation, or detection of any unauthorized
18 activity on private property; and
- 19 c. Protection of patrons and persons lawfully authorized to be on
20 the premises of the person, firm, association, or corporation for
21 whom he contractually obligated to provide security services;
22 and
- 23 d. Control, regulation, or direction of the flow or movement of the
24 public, whether by vehicle or otherwise, only to the extent and
25 for the time directly and specifically required to assure the
26 protection of properties.

27 ~~This definition does not include a person employed regularly and~~
28 ~~exclusively as an employee by an employer in connection with the~~
29 ~~business affairs of such employer, except that if the employee is an~~
30 ~~armed private security officer and wears, carries, or possesses a~~
31 ~~firearm in the performance of his duties, the provisions of G.S. 74C-13~~
32 ~~shall apply; provided, however, that nothing in this Chapter shall be~~
33 ~~construed to prohibit a law enforcement officer from being employed~~
34 ~~during his off-duty hours by a licensed security guard and patrol~~
35 ~~company on an employer-employee basis; provided further, that the~~
36 ~~police officer shall not wear his police officer's uniform or use police~~
37 ~~equipment while working for a security guard and patrol company.~~
38 ~~This definition does not include a law enforcement officer who~~
39 ~~provides security guard and patrol services on an individual employer-~~
40 ~~employee basis to a person, firm, association, or corporation which is~~
41 ~~not engaged in a security guard and patrol business.~~

42 (7) 'Guard-dog service ~~business~~ profession ' means any person, firm,
43 association, or corporation which contracts with another person, firm,
44 association, or corporation to place, lease, rent, or sell a trained dog for

1 the purpose of protecting lives or property for a fee or other valuable
 2 consideration. This definition does not include a person employed
 3 regularly and exclusively as an employee by one employer in
 4 connection with the business affairs of such employer.

5 (8) 'Private detective' or 'private investigator' are synonymous and means
 6 mean any person who engages in the business-profession of or accepts
 7 employment to furnish, agrees to make, or makes an-inquiries or
 8 investigations concerning the below-listed topics on a contractual
 9 basis-investigation for the purpose of obtaining information with reference
 10 to:

- 11 a. Crime or wrongs done or threatened against the United States or
- 12 any state or territory of the United States;
- 13 b. The identity, habits, conduct, business, occupation, honesty,
- 14 integrity, credibility, knowledge, trustworthiness, efficiency,
- 15 loyalty, activity, movement, whereabouts, affiliations,
- 16 associations, transactions, acts, reputation, or character of any
- 17 person;
- 18 c. The location, disposition, or recovery of lost or stolen property;
- 19 d. The cause or responsibility for fires, libels, losses, accidents,
- 20 damages, or injuries to persons or to ~~properties,~~ properties;
- 21 ~~provided that scientific research laboratories and consultants shall not~~
- 22 ~~be included in this definition;~~
- 23 e. Securing evidence to be used before any court, board, officer, or
- 24 ~~investigation-investigative~~ committee; or
- 25 f. Protection of individuals from serious bodily harm or ~~death.~~
- 26 death; or
- 27 g. A consumer shopping service providing services to retail
- 28 merchants to determine the honesty, integrity and performance
- 29 of any employee of the business.

30 ~~However, the employee of a security department of a private business~~
 31 ~~which conducts investigations exclusively on matters internal to the~~
 32 ~~business affairs of the business shall not be required to be licensed as a~~
 33 ~~private detective or investigator under this Chapter.~~

34 (9) 'Special Limited Guard and Patrol Profession' means any person who
 35 is licensed under Chapter 74D of the General Statutes of North
 36 Carolina and provides armed alarm responders pursuant to G.S. 74C-
 37 13. Applicants for this limited license shall not be required to meet the
 38 experience requirements for a security guard and patrol license. Any
 39 experience gained under this limited license shall not be counted as
 40 experience for a security guard and patrol license.

41 (b) 'Private protective services' shall not mean:

- 42 (1) ~~Insurance-Licensed insurance~~ adjusters legally employed as such and
 43 who engage in no other investigative activities unconnected with
 44 adjustment or claims against an insurance company;

- 1 (2) An officer or employee of the United States, this State, or any political
2 subdivision of either while such officer or employee is engaged in the
3 performance of his official duties within the course and scope of his
4 employment with the United States, this State, or any political
5 subdivision of either;
- 6 (3) A person engaged exclusively in the business of obtaining and
7 furnishing information as to the financial rating or credit worthiness of
8 persons; and a person who provides consumer reports in connection
9 with:
- 10 a. Credit transactions involving the consumer on whom the
11 information is to be furnished and involving the extensions of
12 credit to the consumer,
- 13 b. Information for employment purposes,
- 14 c. Information for the underwriting of insurance involving the
15 consumer,
- 16 d. Information in connection with a determination of the
17 consumer's eligibility for a license or other benefit granted by a
18 governmental instrumentality required by law to consider an
19 applicant's financial responsibility, or
- 20 e. A legitimate business need for the information in connection
21 with a business transaction involving the consumer;
- 22 (4) An attorney at law licensed to practice in North Carolina while
23 engaged in such practice and his agent, provided said agent is
24 performing duties only in connection with his master's practice of law;
- 25 (5) The legal owner or lien holder, and his agents and employees, of
26 personal property which has been sold in a transaction wherein a
27 security interest in personal property has been created to secure the
28 sales transaction, who engage in repossession of said personal
29 property;
- 30 ~~(6) Company police or railroad police as defined in Chapter 74A of the~~
31 ~~General Statutes of North Carolina;~~
- 32 (7) Repealed by Session Laws 1981, c. 807, s. 1;
- 33 (8) Employees of a licensee who are employed exclusively as undercover
34 agents; provided that for purposes of this section, undercover agent
35 means an individual hired by another person, firm, association, or
36 corporation to perform a job in and/or for that person, firm,
37 association, or corporation and, while performing such job, to act as an
38 undercover operative, employee, or independent contractor of a
39 licensee, but under the supervision of a licensee;
- 40 (9) A person engaged in an alarm systems business subject to the
41 provisions of Chapter 74D of the General Statutes of North Carolina;
- 42 (10) A person who obtains or verifies information regarding applicants for
43 employment, with the knowledge and consent of the applicant, and is
44 (i) engaged in business as a private personnel service as defined in

1 G.S. 95-47.1 or engaged in business as a private employer fee pay
2 personnel service, (ii) engaged in the business of obtaining or verifying
3 information regarding applicants for employment, or (iii) an employer
4 with whom the applicant has applied for employment;

5 (11) A person who is engaged in the business of providing efficiency
6 studies to employers regarding ~~services~~ friendliness and courtesy to
7 consumers. An efficiency study shall not include studies to determine
8 the honesty, integrity, or performance of any employee of the business.

9 (12) ~~A consultant~~ Research laboratories and consultants who analyzes, tests,
10 analyze, test, or in any way applies ~~apply his~~ their expertise to
11 interpreting, evaluating, or analyzing facts or evidence submitted by
12 another in order to determine the cause or effect of physical or
13 psychological occurrences, and furnishes his opinion and findings to
14 the requesting source or to a designee of requestor.

15 (13) Persons working regularly and exclusively as an employee of an
16 employer in connection with the business affairs of that employer. If
17 the employee is an armed private security officer and wears, carries, or
18 possesses a firearm in the performance of his duties, the provisions of
19 G.S. 74C-13 shall apply.

20 (14) Employee of a security department of a private business which
21 conducts investigations exclusively on matters internal to the business
22 affairs of the business shall not be required to be licensed as a private
23 detective."

24 Sec. 4. G.S. 74C-4(g) reads as rewritten:

25 "(g) All decisions heretofore made by the Private Protective Services Board,
26 established pursuant to Chapter 74B, shall remain in full force and effect unless and
27 until repealed or suspended by action of the Private Protective Services Board
28 established herein. ~~All rules and regulations heretofore adopted pursuant to the provisions of~~
29 ~~Chapter 150A of the General Statutes by the Private Protective Services Board, established~~
30 ~~pursuant to Chapter 74B, shall remain in full force and effect until, but not later than January 1,~~
31 ~~1980, or until repealed or suspended by action of the Private Protective Services Board~~
32 ~~established herein."~~

33 Sec. 5. G.S. 74C-8 reads as rewritten:

34 **"§ 74C-8. Applications for an issuance of license.**

35 (a) Any person, firm, association, or corporation desiring to carry on or engage in
36 ~~a~~ the private protective services business ~~profession~~ in this State of a kind defined in
37 G.S. 74C-3 shall make a verified application in writing to the Board.

38 (b) The application shall include:

39 (1) Full ~~name~~ name, home address, post office box, and the actual street
40 address of the business ~~address~~ of the applicant;

41 (2) The name under which the applicant intends to do business;

42 (3) A statement as to the general nature of the business in which the
43 applicant intends to engage;

- 1 (4) The full name and address of any partners in the business and the
2 principal officers, directors and business manager, if any;
- 3 (5) The names of not less than three unrelated and disinterested persons as
4 references of whom inquiry can be made as to the character, standing,
5 and reputation of the persons making the application;
- 6 (6) Such other information, evidence, statements, or documents as may be
7 required by the Board; and
- 8 (7) Accompanying trainee permit applications only, a notarized statement
9 signed by the applicant and his employer stating that the trainee
10 applicant will at all times work with and under the direct supervision
11 of a licensed private detective.
- 12 (c) (1) A business entity other than a sole proprietorship shall not
13 do business under this Chapter unless the business entity has in its
14 employ a designated resident qualifying agent who meets the
15 requirements for a license issued under this Chapter and who is, in
16 fact, licensed under the provisions of this Chapter, unless otherwise
17 approved by the Board. Provided however, that this approval shall
18 not be given unless the ~~licensee signs a statement agreeing to waive~~
19 ~~jurisdiction or unless the licensee agrees to appoint a resident agent for~~
20 ~~service of process by the Board.~~ business entity has and continuously
21 maintains in this State a registered agent who shall be an individual
22 resident in this State. Service upon the registered agent appointed by
23 the business entity of any process, notice, or demand required by or
24 permitted to be served upon the business entity by the private
25 protective services board shall be binding upon the business entity
26 and the licensee. Nothing herein contained shall limit or affect the
27 right to serve any process, notice, or demand required or permitted
28 by law to be served upon a business entity in any other manner now
29 or hereafter permitted by law.
- 30 (2) For the purposes of the Chapter a qualifying agent means an individual
31 in a management position who is licensed under this Chapter and
32 whose name and address have been registered with the Administrator.
- 33 (3) In the event that the qualifying agent upon whom the business entity
34 relies in order to do business ceases to perform his duties as qualifying
35 agent, the business entity shall notify the Administrator within 10
36 working days. The business entity must obtain a substitute qualifying
37 agent within 30 days after the original qualifying agent ceases to serve
38 as qualifying agent unless the Board, in its discretion, extends this
39 period, for good cause, for a period of time not to exceed three months.
- 40 (4) The certificate authorizing the business entity to engage in a private
41 protective service business shall list the name of at least one
42 designated qualifying agent. No licensee shall serve as the qualifying
43 agent for more than one business entity without prior approval of the
44 Administrator, subject to the approval of the Board.

1 (d) Upon receipt of an application, the Board shall ~~cause~~ conduct a background
2 investigation ~~to be made~~ during the course of which the applicant shall be required to
3 show that he meets all the following requirements and qualifications hereby made
4 prerequisite to obtaining a license:

5 (1) That he is at least 18 years of age;

6 (2) That he is of good moral character and temperate habits. The following
7 shall be **prima facie** evidence that the applicant does not have good
8 moral character or temperate habits: conviction by any local, State,
9 federal, or military court of any crime involving the illegal use,
10 carrying, or possession of a firearm; conviction of any crime involving
11 the illegal use, possession, sale, manufacture, distribution, or
12 transportation of a controlled substance, drug, narcotic, or alcoholic
13 beverages; conviction of a crime involving felonious assault or an act
14 of violence inflicting injury or bodily harm; conviction of a crime
15 involving unlawful breaking and/or entering, burglary, larceny, any
16 offense involving moral turpitude; or a history of addiction to alcohol
17 or a narcotic drug; provided that, for purposes of this subsection,
18 'conviction' means and includes the entry of a plea of guilty or no
19 contest or a verdict rendered in open court by a judge and/or jury;

20 (3) ~~For a private detective license, that he has had at least three years~~
21 ~~experience within the past five years in private investigative work, or~~
22 ~~in an investigative capacity as a member of any federal law~~
23 ~~enforcement agency, any State law enforcement agency, any municipal~~
24 ~~law enforcement department, or any county law enforcement or~~
25 ~~sheriff's department. The Board may provide by rule that post-~~
26 ~~secondary education is experience under the preceding sentence. Time~~
27 ~~spent teaching police science subjects at a post-secondary educational~~
28 ~~institution (such as a community college, college or university) shall~~
29 ~~toll the time for the minimum year requirements in the preceding two~~
30 ~~sentences. After administrative remedies have been exhausted,~~
31 ~~disputes with the Board arising under G.S. 74C-8(d)(3) may be carried~~
32 ~~directly to the General Court of Justice in the county where the~~
33 ~~complainant resides.~~

34 (4) That he has the necessary training, qualifications, and/or
35 experience in order to determine the applicant's competency and
36 fitness as the Board may determine by rule for all licenses to be
37 issued by the Board.

38 (e) The Board may require the applicant to demonstrate his qualifications by oral
39 or written examination or by successful completion of a Board-approved training
40 program, or both all three.

41 (f) Upon a finding that the application is in proper form, the completion of the
42 background investigation, and the completion of an examination required by the Board,
43 the Administrator shall submit to the Board the application and his recommendations.
44 The Board shall determine whether to approve or deny the application for a license.

1 Upon approval by the Board, a license will be issued to the applicant upon payment by
 2 the applicant of the initial license fee and the required contribution to the Private
 3 Protective Services Recovery Fund, and certificate of liability insurance. The grounds for
 4 the denial of a license include:

- 5 (1) ~~Commission of some act which if committed by a licensee, would be~~
 6 ~~grounds for the suspension or revocation of a license under this~~
 7 ~~Chapter;~~
 8 (2) ~~Conviction of a crime involving fraud;~~
 9 (3) ~~Lack of good moral character or temperate habits. The following shall~~
 10 ~~be prima facie evidence that the applicant does not have good moral~~
 11 ~~character or temperate habits: conviction by any local, State, federal,~~
 12 ~~or military court of any crime involving the illegal use, carrying, or~~
 13 ~~possession of a firearm; conviction of any crime involving the illegal~~
 14 ~~use, possession, sale, manufacture, distribution, or transportation of a~~
 15 ~~controlled substance, drug, narcotic, or alcoholic beverages;~~
 16 ~~conviction of a crime involving felonious assault or an act of violence;~~
 17 ~~conviction of a crime involving unlawful breaking and/or entering,~~
 18 ~~burglary, larceny; any offense involving moral turpitude; or a history~~
 19 ~~of addiction to alcohol or a narcotic drug; provided that, for purposes~~
 20 ~~of this subsection, "conviction" means and includes the entry of a plea~~
 21 ~~of guilty or a verdict rendered in open court by a judge and/or jury;~~
 22 (4) ~~Previous denial of a license under this Chapter or previous revocation~~
 23 ~~of a license for cause;~~
 24 (5) ~~Knowingly making any false statement or misrepresentation in his~~
 25 ~~application."~~

26 Sec. 6. G.S. 74C-9 reads as rewritten:

27 **"§ 74C-9. Form of license; term; renewal; posting; branch offices; not assignable;**
 28 **late renewal fee.**

29 (a) The license when issued shall be in such form as may be determined by the
 30 Board and shall state:

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

34 (b) The license shall be issued for a term of one year. A trainee permit shall be
 35 issued for a term of one year. All licenses must be renewed prior to the expiration of the
 36 term of the license. Following issuance, the license shall at all times be posted in a
 37 conspicuous place in the licensee's principal place of business—business, in North
 38 Carolina, unless for good cause exempted by the Administrator of the licensee. A license
 39 issued under this Chapter is not assignable.

40 (c) ~~No licensee shall conduct a private protective services business under a name~~
 41 ~~other than the name under which his license was obtained under the provisions of this~~
 42 ~~Chapter or the name of the business entity under which the licensee is doing business~~
 43 ~~and which name and address of such business entity has been registered with the~~
 44 ~~Administrator.~~

1 (d) The operator or manager of any branch office shall be properly licensed or
2 registered. The license shall be posted at all times in a conspicuous place in the branch
3 office. This license shall be issued for a term of one year. Every business covered
4 under the provisions of this Chapter shall file in writing with the Board the addresses of
5 each of its branch offices, if any, within 10 working days after the establishment,
6 closing, or changing of the location of any branch office. The Administrator shall have
7 the authority, upon the successful completion of an investigation of the application, to
8 temporarily issue a branch office license pending approval by the Board.

9 (e) The Board is authorized to charge reasonable application and license fees as
10 follows:

- 11 (1) A nonrefundable initial application fee in an amount not to exceed one
12 hundred fifty dollars (\$150.00);
- 13 (2) A new or renewal license fee in an amount not to exceed two hundred
14 fifty dollars (\$250.00);
- 15 (3) A new or renewal trainee permit fee in an amount not to exceed two
16 hundred fifty dollars (\$250.00);
- 17 (4) A new or renewal fee for each license or duplicate license in addition
18 to the basic license referred to in subsection (2) in an amount not to
19 exceed fifty dollars (\$50.00);
- 20 (5) A late renewal fee to be paid in addition to the renewal fee due in an
21 amount not to exceed one hundred dollars (\$100.00), if the license has
22 not been renewed on or before the expiration date of the licensee;
- 23 (6) A new, renewal, replacement or reissuance fee for a registration
24 identification card in an amount not to exceed thirty dollars (\$30.00);
- 25 (7) An application fee for an armed private security officer firearm
26 registration permit not to exceed fifty dollars (\$50.00);
- 27 (8) A new, renewal, replacement, or reissuance fee for an armed private
28 security officer firearm registration permit not to exceed thirty dollars
29 (\$30.00);
- 30 (9) An application fee for certification as a firearms trainer not to exceed
31 fifty dollars (\$50.00);
- 32 (10) A renewal or replacement fee for firearms trainer certification not to
33 exceed twenty-five dollars (\$25.00);
- 34 (11) A new nonresident temporary permit fee not to exceed one hundred
35 dollars (\$100.00);
- 36 (12) An unarmed ~~guard~~-registration transfer fee is not to exceed fifteen
37 dollars (\$15.00);
- 38 (13) A branch office license fee not to exceed fifty dollars (\$50.00); and
- 39 (14) A special limited guard and patrol license fee not to exceed one
40 hundred dollars (\$100.00).

41 Except as provided in G.S. 74C-13(k), All all fees collected pursuant to this section shall
42 be expended, under the direction of the Board, for the purpose of defraying the expenses
43 of administering this Chapter. All fees collected pursuant to G.S. 74B-11 which have
44 not been expended upon the effective date of this Chapter shall be transferred to the

1 Board established by this Chapter to be expended, under the direction of the Board, for
2 the purpose of defraying the expenses of administering this Chapter.

3 (f) A license or trainee permit granted under the provisions of this Chapter may
4 be renewed by the Private Protective Services Board upon notification by the licensee or
5 permit holder to the Administrator of intended ~~renewal and renewal~~, the payment of the
6 proper ~~fee-~~fee, and evidence of a policy of liability insurance as prescribed in G.S. 74C-
7 10(e).

8 The renewal shall be finalized before the expiration date of the license. In no event
9 will renewal be granted more than three months after the date of expiration of a license
10 or trainee permit.

11 (g) Upon notification of approval of his application by the Board, an applicant
12 must furnish evidence that he has obtained the necessary ~~bond and~~ liability insurance
13 required by G.S. 74C-10 and obtain the license applied for or his application shall lapse.

14 (h) Trainee permits shall not be issued to applicants ~~that satisfy the experience~~
15 ~~requirement in G.S. 74C-8(d)(3)~~ that qualify for a private detective license. A licensed
16 private detective may supervise no more than five trainees at any given time.”

17 Sec. 7. G.S. 74C-10 reads as rewritten:

18 **"§ 74C-10. Certificate of liability insurance required; form and approval;
19 suspension for noncompliance.**

20 (a) to (d) Repealed by Session Laws 1983, c. 673, s. 4, effective July 1, 1983.

21 (e) No license shall be issued under this Chapter unless the applicant files with
22 the Board evidence of a policy of liability insurance which policy must provide for the
23 following minimum coverage: fifty thousand dollars (\$50,000) because of bodily injury
24 or death of one person as a result of the negligent act or acts of the principal insured or
25 his agents operating in the course and scope of his employment; subject to said limit for
26 one person, one hundred thousand dollars (\$100,000) because of bodily injury injury or
27 death of two or more persons as a result of the negligent act or acts of the principal
28 insured or his agents operating in the course and scope of his or her agency; twenty
29 thousand dollars (\$20,000) because of injury to or destruction of property of others as a
30 result of the negligent act or acts of the principal insured or his agents operating in the
31 course and scope of his or her agency.

32 (f) An insurance carrier shall have the right to cancel such policy of liability
33 insurance upon giving a 30-day notice to the Board. Provided, however, that such
34 cancellation shall not affect any liability on the policy which accrued prior thereto. The
35 policy of liability shall be approved by the Board as to form, execution, and terms
36 thereon.

37 (g) The holder of a ~~private detective~~ any trainee permit and persons registered
38 pursuant to G.S. 74C-11 shall not be required to obtain a certificate of liability
39 insurance.

40 (h) Every licensee shall at all times maintain on file with the Board the certificate
41 of insurance required by this Chapter in full force and effect and upon failure to do so,
42 the license of such licensee shall be automatically suspended and shall not be reinstated
43 until an application therefor, in the form prescribed by the Board, is filed together with a
44 proper insurance certificate.

1 No cancellation or refusal to renew by an insurer of a licensee under this Chapter
2 shall be effective unless the insurer has given the insured licensee notice of the
3 cancellation or refusal to renew. Upon termination of insurance coverage for said
4 licensee, the insurer shall give notice to the Administrator of the Board.

5 (i) The Board may deny the application notwithstanding the applicant's
6 compliance with this section:

7 (1) For any reason which would justify refusal to issue or a suspension or
8 revocation of a license; or

9 (2) For the performance by applicant of any practice while under
10 suspension for failure to keep this insurance certificate in force, for
11 which a license under this Chapter is required.”

12 Sec. 8. G.S. 74C-11 reads as rewritten:

13 **“§ 74C-11. Registration of persons employed; temporary employment.**

14 (a) All licensees, licensees shall register their employees within 20 days of the
15 beginning of employment of an employee who will be engaged in the providing of
16 private protective services ~~covered by this Chapter as an unarmed security officer,~~
17 unarmed watchman, unarmed patrol personnel, or an unarmed employee of a licensed
18 private investigator engaged in a consumer shopping service under the direct
19 supervision of the licensee unless the Administrator, in his discretion, extends the time
20 period, for good cause, shall furnish the Board with the following: cause. All licensees
21 shall register their employees which provide the above-listed services by furnishing the
22 Board with the following:

23 (1) Set(s) of classifiable fingerprints on standard F.B.I. applicant cards;
24 recent photograph(s) of acceptable quality for identification; and

25 (2) Statements of any criminal records obtained from the appropriate
26 authority in each area where the employee has resided within the
27 immediately preceding 48 months.

28 (b) A security guard and patrol company may not employ a guard, watchman, or
29 other patrol personnel unless the guard, watchman, or patrol personnel is properly
30 registered in compliance with this section, unless otherwise exempted by another
31 provision of this Chapter. A private investigator may not employ a consumer shopper
32 service employee unless that employee is properly registered.

33 (c) The Administrator shall be notified in writing of the termination of any
34 employee registered under this Chapter within 10 days after said termination.

35 (d) A security guard, watchman, ~~or patrol personnel,~~ or employee of a private
36 investigator engaged in a consumer shopping service under the direct supervision of a
37 licensee shall make application to the Administrator for a registration card which the
38 Administrator shall issue to said applicant after receipt of the information required to be
39 submitted by his employer pursuant to subsection (a), and after meeting any additional
40 requirements which the Board, in its discretion, deems to be necessary. The security
41 guard registration card shall be in the form of a pocket card designed by the Board, shall
42 be issued in the name of the applicant, and may have the applicant's photograph affixed
43 thereto. The security guard registration card shall expire one year after its date of
44 issuance and shall be renewed every year. If a registered security guard person is

1 terminated by a licensee and changes employment to another ~~security guard and patrol~~
2 company, the ~~security guard~~-registration card shall remain valid, provided the ~~unarmed~~
3 ~~guard~~-registration transfer fee is paid to the Board and a new registration card is issued.
4 A registrant whose transfer registration application and transfer fee have been sent to
5 the Board may work with a copy of the transfer application until such time as the
6 registration card is issued.

7 (e) Notwithstanding the provisions of this section, a licensee may employ a
8 person properly registered or licensed as an unarmed security guard in another state for
9 a period not to exceed 10 days in any given month; provided that such licensee, prior to
10 employing such security guard, submits to the Administrator the name, address, and
11 social security number of such guard, the name of the state of current registration or
12 licensing, and the Administrator approves the employment of the guard in this State.

13 (f) Notwithstanding the provisions of this section, a licensee may employ a
14 person as an unarmed security guard for a period not to exceed 30 days in any given
15 calendar year without registering that employee in accordance with this section;
16 provided that the licensee submits to the Administrator a quarterly report, within 30
17 days after the end of the quarter in which the temporary employee worked, which
18 provides the Administrator with the name, address, social security number, and dates of
19 employment of such employee."

20 Sec. 9. G.S. 74C-12 reads as rewritten:

21 "**§ 74C-12. Denial, ~~Suspension~~-suspension or revocation of licenses; appeal.**

22 (a) The Board may, after compliance with Chapter 150B of the General Statutes,
23 deny, suspend or revoke a license or registration issued under this Chapter if it is
24 determined that the licensee or registrant has:

- 25 (1) Made any false statement or given any false information in connection
26 with any application for a license or trainee permit or registration or
27 for the renewal or reinstatement of a license or trainee permit or
28 registration;
- 29 (2) Violated any provision of this Chapter;
- 30 (3) Violated any rule promulgated by the Board pursuant to the authority
31 contained in this Chapter;
- 32 (4) ~~Been convicted of any crime involving moral turpitude or any other~~
33 ~~crime involving violence or the illegal use, carrying, or possession of a~~
34 ~~dangerous weapon;~~
- 35 (5) Impersonated or permitted or aided and abetted any other person to
36 impersonate a law enforcement officer of the United States, this State,
37 any other state, or any political subdivision of a state;
- 38 (6) Engaged in or permitted any employee to engage in a private
39 protective services business when not lawfully in possession of a valid
40 license issued under the provisions of this Chapter;
- 41 (7) Willfully failed or refused to render to a client service ~~or a report~~ as
42 agreed between the parties and for which compensation has been paid
43 or tendered in accordance with the agreement of the parties;

- 1 (8) Knowingly made any false report to the employer or client for whom
2 information is being obtained;
- 3 (9) Committed an unlawful breaking or entering, assault, battery, or
4 kidnapping;
- 5 (10) Knowingly violated or advised, encouraged, or assisted the violation of
6 any court order or injunction in the course of business as a licensee;
- 7 ~~(11) Committed any other act which is a ground for the denial of an
8 application for a license under this Chapter;~~
- 9 (12) Undertaken to give legal advice or counsel or to in any way falsely
10 represent that he is representing any attorney or he is appearing or will
11 appear as an attorney in any legal proceeding;
- 12 (13) Issued, delivered, or uttered any simulation of process of any nature
13 which might lead a person or persons to believe that such simulation–
14 written, printed, or typed–may be a summons, warrant, writ or court
15 process, or any pleading in any court proceeding;
- 16 (14) Failed to make the required contribution to the Private Protective
17 Services Recovery Fund or failed to maintain the certificate of liability
18 insurance required by this Chapter;
- 19 (15) Violated the firearm provisions set forth in this Chapter;
- 20 ~~(16) Committed any act prohibited under G.S. 74C-16;~~
- 21 (17) Failed to notify the Administrator by a business entity other than a sole
22 proprietorship licensed pursuant to this Chapter of the cessation of
23 employment of the business entity's qualifying agent within the time
24 set forth in this Chapter;
- 25 (18) Failed to obtain a substitute qualifying agent by a business entity
26 within 30 days after its qualifying agent has ceased to serve as the
27 business entity's qualifying agent;
- 28 (19) Been judged incompetent by a court having jurisdiction under Chapter
29 35A or former Chapter 35 of the General Statutes or committed to a
30 mental health facility for treatment of mental illness, as defined in G.S.
31 122-36(d), by a court having jurisdiction under Article 5A of Chapter
32 122 of the General Statutes-;
- 33 (20) Failed or refused to offer a report to a client within 30 days of the
34 client's written request;
- 35 (21) Been previously denied a license or registration under this Chapter or
36 previously had a license or registration revoked for cause;
- 37 (22) Conducted a private protective services business under a name other
38 than the name under which the license was obtained under the
39 provisions of this Chapter;
- 40 (23) Divulged to any person except as he may be required by law, any
41 information acquired by him except at the direction of the employer or
42 client for whom the information was obtained. A licensee may divulge
43 to any law enforcement officer or district attorney or his representative
44 any information the law enforcement officer may require incident to

1 the investigation of any criminal offense with the prior approval and
 2 consent of the client;

3 (24) Fraudulently held himself out as employed by or licensed by the State
 4 Bureau of Investigation or any other governmental authority;

5 (25) Intemperate habits or lacks good moral character. The following shall
 6 be **prima facie** evidence that the individual does not have good moral
 7 character or temperate habits: conviction by any local, State, federal,
 8 or military court of any crime involving the illegal use, possession,
 9 sale, manufacture, distribution, or transportation of a controlled
 10 substance, drug, narcotic, or alcoholic beverages; conviction of a crime
 11 involving felonious assault or an act of violence; conviction of a crime
 12 of fraud, conviction of a crime involving unlawful breaking and
 13 entering, burglary, larceny; any offense involving moral turpitude; or a
 14 history of addiction to alcohol or a narcotic drug; provided that, for
 15 purposes of this subsection, 'conviction' means and includes the entry
 16 of a plea of guilty, plea of no contest, or a verdict rendered in open
 17 court by a judge or jury;

18 (26) Advertised or solicited business using a name other than that in which
 19 the license was issued;

20 (27) Worn, carried, or accepted any badge or shield purporting to indicate
 21 that such person is a private detective or private investigator while
 22 licensed under the provisions of this Chapter as a private investigator.

23 (b) The revocation or suspension of a license or registration by the Board as
 24 provided in subsection (a) shall be in writing, signed by the Administrator of the Board
 25 stating the grounds upon which the Board decision is based. The aggrieved person shall
 26 have the right to appeal from this decision as provided in Chapter 150B of the General
 27 Statutes.

28 (c) (1) No sworn court official shall be licensed or registered under
 29 this Chapter.

30 (2) No holder of a company police commission under Chapter 74A of the
 31 General Statutes of North Carolina shall be licensed under this
 32 Chapter."

33 Sec. 10. G.S. 74C-13 reads as rewritten:

34 "**§ 74C-13. Firearms. Firearms and security officer training.**

35 (a) It shall be unlawful for any person performing the duties of an armed private
 36 security officer to carry a firearm in the performance of those duties without first having
 37 met the qualifications as set forth in this section and having been issued a firearm
 38 registration permit by the Board. For the purposes of this section, the following terms
 39 are defined:

40 (1) 'Armed private security officer' means an individual employed by a
 41 contract security company or a proprietary security organization whose
 42 principal duty is that of an armed security guard, patrol, or watchman;
 43 armed armored car service guard; alarm system company responder;
 44 private detective; or armed courier service guard who at any time

1 wears, carries, or possesses a firearm in the performance of his or her
2 duties.

3 (2) 'Contract security company' means any person, firm, association, or
4 corporation engaging in a private protective services business as
5 defined in this Chapter which provides said services on a contractual
6 basis for a fee or other valuable consideration to any other person,
7 firm, association, or corporation.

8 (3) 'Proprietary security organization' means any person, firm, association,
9 or corporation or department thereof which employs watchmen,
10 security guards or patrol personnel, alarm responders, armored car
11 personnel, or couriers who are employed regularly and exclusively as
12 an employee by an employer in connection with the business affairs of
13 such employer.

14 (b) It shall be unlawful for any person, firm, association, or corporation and its
15 agents and employees to employ an armed private security officer and knowingly
16 authorize or permit him to carry a firearm during the course of performing his duties as
17 an armed private security officer if the Board has not issued him a firearm registration
18 permit under this section or if the person, firm, association, or corporation permits an
19 armed private security officer to carry a firearm during the course of performing his
20 duties whose firearm registration permit has been suspended, revoked, or has otherwise
21 expired:

22 (1) A firearms registration permit will grant authority to the armed
23 security officer, while in the performance of his duties or travelling
24 directly to and from work, to carry a standard .38 caliber or .32 caliber
25 revolver or any other firearm approved by the Board and not otherwise
26 prohibited by law. The use of any firearm not approved by the Board is
27 prohibited.

28 (2) All firearms carried by authorized armed security officers in the
29 performance of their duties shall be owned or leased by the employer.
30 Personally owned firearms shall not be carried by an armed security
31 officer in the performance of his duties.

32 (c) The applicant for an armed private security officer firearm registration permit
33 shall submit an application to the Board on a form provided by the Board.

34 (d) Each armed private security officer firearm registration permit issued under
35 this section shall be in the form of a pocket card designed by the Board and shall
36 identify the contract security company or proprietary security organization by whom the
37 holder of the firearm registration permit is employed. An armed private security officer
38 firearm registration permit expires one year after the date of its issuance and must be
39 renewed annually unless the permit holder's employment terminates before the
40 expiration of the permit.

41 (e) If the holder of an armed private security officer firearm registration permit
42 terminates his employment with the contract security company or proprietary security
43 organization, the firearm registration permit expires and must be returned to the Board
44 within 15 working days of the date of termination of the employee.

1 (f) A contract security company or proprietary security organization shall be
2 allowed to employ an individual for 30 days as an armed private security officer
3 pending completion of the firearms training required by this Chapter, if the contract
4 security company or proprietary security organization obtains prior approval from the
5 Administrator. The Board and the Attorney General shall provide by rule the procedure
6 by which a contract security company or a proprietary security organization applicant
7 may be issued a temporary firearm registration permit by the Administrator of the Board
8 pending a determination by the Board of whether to grant or deny an applicant a
9 firearm registration permit.

10 (g) The Board may suspend, revoke, or deny a firearm registration permit if the
11 holder or applicant has been convicted of any crime involving moral turpitude or any
12 crime involving the illegal use, carrying, or possession of a deadly weapon or for
13 violation of this section and/or rules promulgated by the Board to implement this
14 section. The Administrator may summarily suspend a firearm registration permit
15 pending resolution of charges involving the illegal use, carrying, or possession of a
16 firearm lodged against an armed private security officer.

17 (h) The Board and the Attorney General shall establish a training program for
18 armed security officers to be conducted by agencies and institutions approved by the
19 Board and the Attorney General. The Board and the Attorney General may approve
20 training programs conducted by contract security companies and the security
21 department of a proprietary security organization, if the contract security companies or
22 security department of a propriety proprietary security organization offers the courses
23 listed in subsection (1) of this paragraph (h) and if the instructors of the training
24 program are ~~qualified instructors~~ certified trainers approved by the Board and the
25 Attorney General:

- 26 (1) The basic training course approved by the Board and the Attorney
27 General shall consist of a minimum of four hours of classroom training
28 which shall include:
29 a. Legal limitations on the use of hand guns and on the powers
30 and authority of an armed private security officer,
31 b. Familiarity with this section,
32 c. Range firing and procedure and hand gun safety and
33 maintenance, and
34 d. Any other topics of armed private security officer training
35 curriculum which the Board deems necessary.
- 36 (2) An applicant for an armed security officer firearm registration permit
37 must fire a minimum qualifying score to be determined by the Board
38 and the Attorney General on any approved target course approved by
39 the Board and the Attorney General.
- 40 (3) An armed security officer must complete a refresher course and shall
41 requalify on the prescribed target course prior to the renewal of his
42 firearm registration permit.

1 (4) The Board and the Attorney General shall have the authority to
2 promulgate all rules necessary to administer the provisions of this
3 section concerning the training requirements of this section.

4 (i) The Board may not issue an armed private security officer registration permit
5 to an applicant until the applicant's employer submits evidence satisfactory to the Board
6 that:

7 (1) He has satisfactorily completed an approved training course.

8 (2) He meets all the qualifications established by this section and by the
9 rules promulgated to implement this section.

10 (3) He is mentally and physically capable of handling a firearm within the
11 guidelines set forth by the Board and the Attorney General.

12 (j) The Board and the Attorney General are authorized to prescribe reasonable
13 rules to implement this section, including rules for periodic requalification with the
14 firearm and for the maintenance of records relating to persons issued a firearm
15 registration card by the Board.

16 (k) All fees collected pursuant to G.S. 74C-13(c) and (d) shall be expended,
17 under the direction of the Board, for the purpose of defraying the expense of
18 administering the firearms provisions of this Chapter.

19 (l) The Board and the Attorney General shall establish a training program for
20 certified trainers to be conducted by agencies and institutions approved by the Board
21 and the Attorney General. The Board or the Attorney General shall have the authority
22 to promulgate all rules necessary to administer the provisions of this section.

23 (1) The Board and the Attorney General shall also establish renewal
24 requirements for certified trainers.

25 (2) No certified trainer shall certify an armed security officer unless the
26 armed security officer has successfully completed the training
27 requirements set out above in G.S. 74C-13(h).

28 (m) The Board and the Attorney General shall establish a training program for
29 unarmed security officers to be conducted by agencies and institutions approved by the
30 Board and the Attorney General. The Board and the Attorney General shall have the
31 authority to promulgate all rules necessary to administer the provisions of this section."

32 Sec. 11. G.S. 74C-15 reads as rewritten:

33 "**§ 74C-15. Identification cards; badges; and shields.**

34 (a) Upon the issuance of a license or trainee permit, a pocket identification card
35 of design, size, and content approved by the Board shall be issued by the Board without
36 charge to each licensee or trainee. The holder must have this card in his possession at all
37 times when he is on duty and working within the scope of his employment. When a
38 licensee or trainee to whom a card has been issued terminates his position as a licensee
39 or trainee, the card must be surrendered to the administrator of the Board within 10
40 working days thereafter.

41 ~~(b) No person licensed under the provisions of this Chapter as a private detective~~
42 ~~shall wear, carry, or accept any badge or shield purporting to indicate that such person is~~
43 ~~a private detective or a private investigator."~~

44 Sec. 12. G.S. 74C-16 reads as rewritten:

1 **"§ 74C-16. Prohibited acts.**

2 (a) ~~Any licensee or officer, director, partner, or manager of a licensee may~~
3 ~~divulge to any law enforcement officer or district attorney or his representative any~~
4 ~~information the law enforcement officer may require incident to investigation of any~~
5 ~~criminal offense. However, he shall not divulge to any other person, except as he may~~
6 ~~be required by law, any information acquired by him except at the direction of the~~
7 ~~employer or client for whom the information was obtained.~~

8 (b) ~~Every advertisement by a licensee soliciting or advertising for business shall~~
9 ~~contain his name as it appears in the records of the Board and the name in which the~~
10 ~~license was issued.~~

11 (c) It shall be unlawful for anyone not licensed and/or registered as required
12 under this Chapter to:

13 (1) Advertise or to hold himself out to be a licensee;

14 (2) Advertise or to hold himself out to perform services for which a
15 license is required; or when, in fact, the individual is not licensed or
16 registered in accordance with this Chapter.

17 (3) ~~Perform or aid and abet any other individual to perform services for~~
18 ~~which a license or registration under this Chapter is required, when, in~~
19 ~~fact, the individual is not licensed and/or registered in accordance with~~
20 ~~this Chapter.~~

21 (d) ~~No law enforcement officers of the United States, this State, any other state,~~
22 ~~or any political subdivision of a state shall be licensed as a private detective or security~~
23 ~~guard and patrol business licensee under this Chapter; provided no law enforcement~~
24 ~~officer of the United States, this State, or any of its political subdivisions may use any~~
25 ~~motor vehicle owned or leased by a law enforcement agency in the course and scope of~~
26 ~~any private employment which is subject to regulation by the provisions of this Chapter;~~
27 ~~provided that nothing in this section shall be construed to prohibit the holder of a~~
28 ~~company police commission under Chapter 74A of the General Statutes from being~~
29 ~~licensed under this Chapter or being employed by a licensee under this Chapter.~~

30 (e) ~~No licensee shall hold himself out as employed by or licensed by the State~~
31 ~~Bureau of Investigation.~~

32 (f) ~~No sworn court official shall be licensed or registered under this Chapter."~~

33 Sec. 13. Chapter 74C is amended by adding a new section to read:

34 **"§ 74C-21. Law enforcement officer provisions.**

35 (a) No law enforcement officer of the United States, this State, any other state, or
36 any political subdivision of a state shall be licensed as a private detective or security
37 guard and patrol business licensee under this Chapter.

38 (b) An off-duty law enforcement officer may be employed during his off-duty
39 hours by a licensed security guard and patrol company on an employer-employee basis.
40 An off-duty law enforcement officer shall not wear his police officer's uniform or use
41 the police equipment while working for a security guard and patrol company.

42 (c) A law enforcement officer may provide security guard and patrol services on
43 an individual employer-employee basis to a person, firm, association, or corporation
44 which is not engaged in a security guard and patrol business."

1 Sec. 14. G.S. 74C-31(a) reads as rewritten:

2 "(a) The Fund shall serve as a guaranty for the obligations of those licensed under
3 this Chapter. The Fund's liability, as guaranty, is contingent upon a licensee or trainee
4 defaulting upon an obligation owed to a person by the licensee or trainee where said
5 obligation was entered into by the licensee or trainee within the scope of the licensee's
6 or trainee's employment in providing private protective services. The Board shall be
7 subrogated by the licensee or trainee in the amount paid out and the license or trainee
8 permit shall be revoked or suspended until such time as full restitution is made to the
9 Fund. The aggrieved party must exhaust all civil remedies against the licensee or trainee
10 or the estate of the licensee or trainee before seeking reimbursement from the Fund.
11 The following shall be excluded from reimbursable losses:

- 12 (1) Losses of spouses, children, parents, grandparents, siblings, partners,
13 associates and employees of the licensee or trainee causing the losses;
14 (2) Losses covered by any bond, surety agreement, or insurance contract
15 to the extent covered thereby; and
16 (3) Losses which have been otherwise received from or paid by or on
17 behalf of the licensee who defaulted on an obligation."

18 Sec. 15. This act shall become effective October 1, 1989.