

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1989

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SENATE BILL 605

Short Title: Amend Protective Services.

(Public)

Sponsors: Senator Swain.

Referred to: Judiciary I.

March 22, 1989

A BILL TO BE ENTITLED

AN ACT TO AMEND THE LAWS CONCERNING THE PRIVATE PROTECTIVE SERVICES BOARD AND THE PRIVATE PROTECTIVE SERVICES RECOVERY FUND.

The General Assembly of North Carolina enacts:

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

"§ 74C-1. Title.

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

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

"§ 74C-2. Licenses required.

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

~~(b) An individual in possession of a valid private protective services license or private detective trainee permit issued prior to July 1, 1973, shall not be subject to forfeiture of such license by virtue of this Chapter. Such license shall, however, remain subject to suspension, denial, or revocation in the same manner in which all other licenses issued pursuant to this Chapter are subject to suspension, denial, or revocation.~~

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

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

5 **"§ 74C-3. Private protective services ~~business~~ profession defined.**

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

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

21 (2) Repealed by Session Laws 1983, c. 786, s. 2, effective January 1,
22 1984.

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

32 (4) 'Courier service ~~business~~ profession ' means any person, firm,
33 association, or corporation which transports or offers to transport from
34 one place or point to another place or point documents, papers, maps,
35 stocks, bonds, checks, or other small items of value which require
36 expeditious service for a fee or other valuable consideration. This
37 definition does not include a person employed regularly and
38 exclusively as an employee by one employer in connection with the
39 business affairs of such employer. This definition does not include a
40 person operating a courier service business pursuant to a motor carrier
41 certificate or permit issued by the North Carolina Utilities Commission
42 which grants operating rights for such business; however, armed
43 courier service guards shall be subject to the provisions of G.S. 74C-
44 13.

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

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

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

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

40 (7) 'Guard-dog service ~~business~~ profession ' means any person, firm,
 41 association, or corporation which contracts with another person, firm,
 42 association, or corporation to place, lease, rent, or sell a trained dog for
 43 the purpose of protecting lives or property for a fee or other valuable
 44 consideration. This definition does not include a person employed

1 regularly and exclusively as an employee by one employer in
2 connection with the business affairs of such employer.

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

9 a. Crime or wrongs done or threatened against the United States or
10 any state or territory of the United States;

11 b. The identity, habits, conduct, business, occupation, honesty,
12 integrity, credibility, knowledge, trustworthiness, efficiency,
13 loyalty, activity, movement, whereabouts, affiliations,
14 associations, transactions, acts, reputation, or character of any
15 person;

16 c. The location, disposition, or recovery of lost or stolen property;

17 d. The cause or responsibility for fires, libels, losses, accidents,
18 damages, or injuries to persons or to ~~properties,~~ properties;
19 ~~provided that scientific research laboratories and consultants shall not~~
20 ~~be included in this definition;~~

21 e. Securing evidence to be used before any court, board, officer, or
22 ~~investigation~~ investigative committee; ~~or~~

23 f. Protection of individuals from serious bodily harm or ~~death.~~
24 death; or

25 g. A consumer shopping service providing services to retail
26 merchants to determine the honesty, integrity and performance
27 of any employee(s) of the business.

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

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

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

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

43 (2) An officer or employee of the United States, this State, or any political
44 subdivision of either while such officer or employee is engaged in the

- 1 performance of his official duties within the course and scope of his
2 employment with the United States, this State, or any political
3 subdivision of either;
- 4 (3) A person engaged exclusively in the business of obtaining and
5 furnishing information as to the financial rating or credit worthiness of
6 persons; and a person who provides consumer reports in connection
7 with:
- 8 a. Credit transactions involving the consumer on whom the
9 information is to be furnished and involving the extensions of
10 credit to the consumer,
11 b. Information for employment purposes,
12 c. Information for the underwriting of insurance involving the
13 consumer,
14 d. Information in connection with a determination of the
15 consumer's eligibility for a license or other benefit granted by a
16 governmental instrumentality required by law to consider an
17 applicant's financial responsibility, or
18 e. A legitimate business need for the information in connection
19 with a business transaction involving the consumer;
- 20 (4) An attorney at law licensed to practice in North Carolina while
21 engaged in such practice and his agent, provided said agent is
22 performing duties only in connection with his master's practice of law;
- 23 (5) The legal owner or lien holder, and his agents and employees, of
24 personal property which has been sold in a transaction wherein a
25 security interest in personal property has been created to secure the
26 sales transaction, who engage in repossession of said personal
27 property;
- 28 ~~(6) Company police or railroad police as defined in Chapter 74A of the~~
29 ~~General Statutes of North Carolina;~~
- 30 (7) Repealed by Session Laws 1981, c. 807, s. 1;
- 31 (8) Employees of a licensee who are employed exclusively as undercover
32 agents; provided that for purposes of this section, undercover agent
33 means an individual hired by another person, firm, association, or
34 corporation to perform a job in and/or for that person, firm,
35 association, or corporation and, while performing such job, to act as an
36 undercover operative, employee, or independent contractor of a
37 licensee, but under the supervision of a licensee;
- 38 (9) A person engaged in an alarm systems business subject to the
39 provisions of Chapter 74D of the General Statutes of North Carolina;
- 40 (10) A person who obtains or verifies information regarding applicants for
41 employment, with the knowledge and consent of the applicant, and is
42 (i) engaged in business as a private personnel service as defined in
43 G.S. 95-47.1 or engaged in business as a private employer fee pay
44 personnel service, (ii) engaged in the business of obtaining or verifying

- 1 information regarding applicants for employment, or (iii) an employer
2 with whom the applicant has applied for employment;
- 3 (11) A person who is engaged in the business of providing efficiency
4 studies to employers regarding ~~services~~ friendliness and courtesy to
5 consumers. An efficiency study shall not include studies to determine
6 the honesty, integrity, or performance of any employee(s) of the
7 business.
- 8 (12) ~~A consultant~~ Research laboratories and consultants who ~~analyzes, tests,~~
9 analyze, test, or in any way ~~applies~~ apply his expertise to interpreting,
10 evaluating, or analyzing facts or evidence submitted by another in
11 order to determine the cause or effect of physical or psychological
12 occurrences, and furnishes his opinion and findings to the requesting
13 source or to a designee of requestor.
- 14 (13) Persons working regularly and exclusively as an employee by an
15 employer in connection with the business affairs of that employer. If
16 the employee is an armed private security officer and wears, carries, or
17 possesses a firearm in the performance of his duties, the provisions of
18 G.S. 74C-13 shall apply.
- 19 (14) Employee of a security department of a private business which
20 conducts investigations exclusively on matters internal to the business
21 affairs of the business shall not be required to be licensed as a private
22 detective."

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

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

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

33 "**§ 74C-8. Applications for an issuance of license.**

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

37 (b) The application shall include:

- 38 (1) Full ~~name~~ name, home address, post office box and business address of
39 the applicant;
- 40 (2) The name under which the applicant intends to do business;
- 41 (3) A statement as to the general nature of the business in which the
42 applicant intends to engage;
- 43 (4) The full name and address of any partners in the business and the
44 principal officers, directors and business manager, if any;

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

1 show that he meets all the following requirements and qualifications hereby made
2 prerequisite to obtaining a license:

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

4 (2) That he is of good moral character and temperate habits. The following
5 shall be **prima facie** evidence that the applicant does not have good
6 moral character or temperate habits: conviction by any local, State,
7 federal, or military court of any crime involving the illegal use,
8 carrying, or possession of a firearm; conviction of any crime involving
9 the illegal use, possession, sale, manufacture, distribution, or
10 transportation of a controlled substance, drug, narcotic, or alcoholic
11 beverages; conviction of a crime involving felonious assault or an act
12 of violence; conviction of a crime involving unlawful breaking and/or
13 entering, burglary, larceny, any offense involving moral turpitude; or
14 a 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 or no contest or a verdict rendered in open court by
17 a judge and/or jury;

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

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

36 (e) The Board may require the applicant to demonstrate his qualifications by oral
37 or written examination, or both.

38 (f) Upon a finding that the application is in proper form, the completion of the
39 background investigation, and the completion of an examination required by the Board,
40 the Administrator shall submit to the Board the application and his recommendations.
41 The Board shall determine whether to approve or deny the application for a license.
42 Upon approval by the Board, a license will be issued to the applicant upon payment by
43 the applicant of the initial license fee and the required contribution to the Private

1 Protective Services Recovery Fund, and certificate of liability insurance. The grounds for
2 the denial of a license include:

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

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

25 **"§ 74C-9. Form of license; term; renewal; posting; branch offices; not assignable;**
26 **late renewal fee.**

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

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

32 (b) The license shall be issued for a term of one year. A trainee permit shall be
33 issued for a term of one year. All licenses must be renewed prior to the expiration of the
34 term of the license. Following issuance, the license shall at all times be posted in a
35 conspicuous place in the principal place of ~~business-business, in North Carolina,~~ of the
36 licensee. A license issued under this Chapter is not assignable.

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

42 (d) The operator or manager of any branch office shall be properly licensed or
43 registered. The license shall be posted at all times in a conspicuous place in the branch
44 office. This license shall be issued for a term of one year. Every business covered

1 under the provisions of this Chapter shall file in writing with the Board the addresses of
2 each of its branch offices, if any, within 10 working days after the establishment,
3 closing, or changing of the location of any branch office. The Administrator shall have
4 the authority, upon the successful completion of an investigation of the application, to
5 temporarily issue a branch office license pending approval by the Board.

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

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

38 All fees collected pursuant to this section shall be expended, under the direction of the
39 Board, for the purpose of defraying the expenses of administering this Chapter. All fees
40 collected pursuant to G.S. 74B- 11 which have not been expended upon the effective
41 date of this Chapter shall be transferred to the Board established by this Chapter to be
42 expended, under the direction of the Board, for the purpose of defraying the expenses of
43 administering this Chapter.

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

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

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

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

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

16 **"§ 74C-10. Certificate of liability insurance required; form and approval;
17 suspension for noncompliance.**

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

19 (e) No license shall be issued under this Chapter unless the applicant files with
20 the Board ~~evidence of a policy of liability insurance which policy must provide for the~~
21 ~~following minimum coverage: fifty thousand dollars (\$50,000) because of bodily injury~~
22 ~~or death of one person as a result of the negligent act or acts of the principal insured or~~
23 ~~his agents operating in the course and scope of his employment; subject to said limit for~~
24 ~~one person, one hundred thousand dollars (\$100,000) because of bodily injury or death~~
25 ~~of two or more persons as the result of the negligent act or acts of the principal insured~~
26 ~~or his agents operating in the course and scope of his or her agency; twenty thousand~~
27 ~~dollars (\$20,000) because of injury to or destruction of property of others as the result of~~
28 ~~the negligent act or acts of the principal insured or his agents operating in the course and~~
29 ~~scope of his or her agency.~~ a certificate of insurance evidencing comprehensive general
30 liability coverage for death, bodily injury, and personal injury. Coverage shall also
31 include professional liability, false arrest, detention or imprisonment, malicious
32 prosecution, libel, slander, defamation of character, and violation of the right of privacy
33 in the amount of one hundred thousand dollars (\$100,000) and three hundred thousand
34 dollars (\$300,000) per occurrence and property damage in the amount of one hundred
35 thousand dollars (\$100,000) per occurrence.

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

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

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

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

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

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

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

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

18 **"§ 74C-11. Registration of persons employed; temporary employment.**

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

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

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

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

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

39 (d) A security guard, watchman, ~~or~~ patrol personnel or employee of a private
40 investigator engaged in a consumer shopping service under the direct supervision of a
41 licensee shall make application to the Administrator for a registration card which the
42 Administrator shall issue to said applicant after receipt of the information required to be
43 submitted by his employer pursuant to subsection (a), and after meeting any additional
44 requirements which the Board, in its discretion, deems to be necessary. The security

1 ~~guard~~ registration card shall be in the form of a pocket card designed by the Board, shall
2 be issued in the name of the applicant, and may have the applicant's photograph affixed
3 thereto. The ~~security guard~~ registration card shall expire one year after its date of
4 issuance and shall be renewed every year. If a registered ~~security guard~~ person changes
5 employment to another ~~security guard and patrol~~ company, the ~~security guard~~ registration
6 card shall remain valid, provided the ~~unarmed guard~~ registration transfer fee is paid to
7 the Board. However, if a registered employee is terminated by a licensee, the
8 registration card is void and the employee may not work as an unarmed security officer,
9 watchman, patrol personnel or as an employee of a licensed private investigator
10 engaged in a consumer shopping service under the direct supervision of the licensee
11 until he is properly transferred and the transfer fee is paid to the Board.

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

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

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

26 "**§ 74C-12. Denial, suspension or revocation of licenses; appeal.**

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

- 30 (1) Made any false statement or given any false information in connection
31 with any application for a license or trainee permit or registration or
32 for the renewal or reinstatement of a license or trainee permit or
33 registration;
- 34 (2) Violated any provision of this Chapter;
- 35 (3) Violated any rule promulgated by the Board pursuant to the authority
36 contained in this Chapter;
- 37 (4) ~~Been convicted of any crime involving moral turpitude or any other~~
38 ~~crime involving violence or the illegal use, carrying, or possession of a~~
39 ~~dangerous weapon;~~
- 40 (5) Impersonated or permitted or aided and abetted any other person to
41 impersonate a law enforcement officer of the United States, this State,
42 any other state, or any political subdivision of a state;

- 1 (6) Engaged in or permitted any employee to engage in a private
2 protective services business when not lawfully in possession of a valid
3 license issued under the provisions of this Chapter;
- 4 (7) Willfully failed or refused to render to a client service ~~or a report~~ as
5 agreed between the parties and for which compensation has been paid
6 or tendered in accordance with the agreement of the parties;
- 7 (8) Knowingly made any false report to the employer or client for whom
8 information is being obtained;
- 9 (9) Committed an unlawful breaking or entering, assault, battery, or
10 kidnapping;
- 11 (10) Knowingly violated or advised, encouraged, or assisted the violation of
12 any court order or injunction in the course of business as a licensee;
- 13 ~~(11) Committed any other act which is a ground for the denial of an~~
14 ~~application for a license under this Chapter;~~
- 15 (12) Undertaken to give legal advice or counsel or to in any way falsely
16 represent that he is representing any attorney or he is appearing or will
17 appear as an attorney in any legal proceeding;
- 18 (13) Issued, delivered, or uttered any simulation of process of any nature
19 which might lead a person or persons to believe that such simulation—
20 written, printed, or typed—may be a summons, warrant, writ or court
21 process, or any pleading in any court proceeding;
- 22 (14) Failed to make the required contribution to the Private Protective
23 Services Recovery Fund or failed to maintain the certificate of liability
24 insurance required by this Chapter;
- 25 (15) Violated the firearm provisions set forth in this Chapter;
- 26 ~~(16) Committed any act prohibited under G.S. 74C-16;~~
- 27 (17) Failed to notify the Administrator by a business entity other than a sole
28 proprietorship licensed pursuant to this Chapter of the cessation of
29 employment of the business entity's qualifying agent within the time
30 set forth in this Chapter;
- 31 (18) Failed to obtain a substitute qualifying agent by a business entity
32 within 30 days after its qualifying agent has ceased to serve as the
33 business entity's qualifying agent;
- 34 (19) Been judged incompetent by a court having jurisdiction under Chapter
35 35A or former Chapter 35 of the General Statutes or committed to a
36 mental health facility for treatment of mental illness, as defined in G.S.
37 122-36(d), by a court having jurisdiction under Article 5A of Chapter
38 122 of the General Statutes-;
- 39 (20) Failed or refused to offer a report to a client within 30 days of the
40 client's request;
- 41 (21) Been previously denied a license or registration under this Chapter or
42 previously had a license or registration revoked for cause;

- 1 (22) Conducted a private protective services business under a name other
 2 than the name under which the license was obtained under the
 3 provisions of this Chapter;
- 4 (23) Divulged to any person except as he may be required by law, any
 5 information acquired by him except at the direction of the employer or
 6 client for whom the information was obtained. A licensee may divulge
 7 to any law enforcement office or district attorney or his representative
 8 any information the law enforcement officer may require incident to
 9 investigation of any criminal offense;
- 10 (24) Held himself out as employed by or licensed by the State Bureau of
 11 Investigation or any other governmental authority;
- 12 (25) Lacks good moral character or temperate habits. The following shall
 13 be **prima facie** evidence that the individual does not have good moral
 14 character or temperate habits: conviction by any local, state, federal,
 15 or military court of any crime involving the illegal use, possession,
 16 sale, manufacture, distribution, or transportation of a controlled
 17 substance, drug, narcotic, or alcoholic beverages; conviction of a crime
 18 involving felonious assault or an act of violence; conviction of a crime
 19 of fraud, conviction of a crime involving unlawful breaking and/or
 20 entering, burglary, larceny; any offense involving moral turpitude; or a
 21 history of addiction to alcohol or a narcotic drug; provided that, for
 22 purposes of this subsection, 'conviction' means and includes the entry
 23 of a plea of guilty, plea of no contest, or a verdict rendered in open
 24 court by a judge and/or jury;
- 25 (26) Every advertisement by a licensee soliciting or advertising for business
 26 shall contain his name as it appears in the records of the Board and the
 27 name in which the license was issued;
- 28 (27) No person licensed under the provisions of this Chapter as a private
 29 detective shall wear, carry, or accept any badge or shield purporting to
 30 indicate that such person is a private detective or private investigator.

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

- 36 (c) (1) No sworn court official shall be licensed or registered under
 37 this Chapter.
- 38 (2) No holder of a company police commission under Chapter 74A of the
 39 General Statutes of North Carolina shall be licensed under this
 40 Chapter."

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

42 **"§ 74C-13. ~~Firearms.~~ Firearms and Security Officer Training.**

43 (a) It shall be unlawful for any person performing the duties of an armed private
 44 security officer to carry a firearm in the performance of those duties without first having

1 met the qualifications as set forth in this section and having been issued a firearm
2 registration permit by the Board. For the purposes of this section, the following terms
3 are defined:

- 4 (1) 'Armed private security officer' means an individual employed by a
5 contract security company or a proprietary security organization whose
6 principal duty is that of an armed security guard, patrol, or watchman;
7 armed armored car service guard; alarm system company responder;
8 private detective; or armed courier service guard who at any time
9 wears, carries, or possesses a firearm in the performance of his or her
10 duties.
- 11 (2) 'Contract security company' means any person, firm, association, or
12 corporation engaging in a private protective services business as
13 defined in this Chapter which provides said services on a contractual
14 basis for a fee or other valuable consideration to any other person,
15 firm, association, or corporation.
- 16 (3) 'Proprietary security organization' means any person, firm, association,
17 or corporation or department thereof which employs watchmen,
18 security guards or patrol personnel, alarm responders, armored car
19 personnel, or couriers who are employed regularly and exclusively as
20 an employee by an employer in connection with the business affairs of
21 such employer.

22 (b) It shall be unlawful for any person, firm, association, or corporation and its
23 agents and employees to employ an armed private security officer and knowingly
24 authorize or permit him to carry a firearm during the course of performing his duties as
25 an armed private security officer if the Board has not issued him a firearm registration
26 permit under this section or if the person, firm, association, or corporation permits an
27 armed private security officer to carry a firearm during the course of performing his
28 duties whose firearm registration permit has been suspended, revoked, or has otherwise
29 expired:

- 30 (1) A firearms registration permit will grant authority to the armed
31 security officer, while in the performance of his duties or travelling
32 directly to and from work, to carry a standard .38 caliber or .32 caliber
33 revolver or any other firearm approved by the Board and not otherwise
34 prohibited by law. The use of any firearm not approved by the Board is
35 prohibited.
- 36 (2) All firearms carried by authorized armed security officers in the
37 performance of their duties shall be owned or leased by the employer.
38 Personally owned firearms shall not be carried by an armed security
39 officer in the performance of his duties.

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

42 (d) Each armed private security officer firearm registration permit issued under
43 this section shall be in the form of a pocket card designed by the Board and shall
44 identify the contract security company or proprietary security organization by whom the

1 holder of the firearm registration permit is employed. An armed private security officer
2 firearm registration permit expires one year after the date of its issuance and must be
3 renewed annually unless the permit holder's employment terminates before the
4 expiration of the permit.

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

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

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

25 (h) The Board and the Attorney General shall establish a training program for
26 armed security officers to be conducted by agencies and institutions approved by the
27 Board and the Attorney General. The Board and the Attorney General may approve
28 training programs conducted by contract security companies and the security
29 department of a proprietary security organization, if the contract security companies or
30 security department of a propriety proprietary security organization offers the courses
31 listed in subsection (1) of this paragraph (h) and if the instructors of the training
32 program are ~~qualified instructors~~ certified trainers approved by the Board and the
33 Attorney General:

34 (1) The basic training course approved by the Board and the Attorney
35 General shall consist of a minimum of four hours of classroom training
36 which shall include:

- 37 a. Legal limitations on the use of hand guns and on the powers
38 and authority of an armed private security officer,
- 39 b. Familiarity with this section,
- 40 c. Range firing and procedure and hand gun safety and
41 maintenance, and
- 42 d. Any other topics of armed private security officer training
43 curriculum which the Board deems necessary.

1 (2) An applicant for an armed security officer firearm registration permit
2 must fire a minimum qualifying score to be determined by the Board
3 and the Attorney General on any approved target course approved by
4 the Board and the Attorney General.

5 (3) An armed security officer must complete a refresher course and shall
6 requalify on the prescribed target course prior to the renewal of his
7 firearm registration permit.

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

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

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

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

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

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

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

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

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

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

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

39 Sec. 11. G.S. 74C-15(b) reads as rewritten:

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

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

44 "§ 74C-16. Prohibited acts.

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

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

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

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

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

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

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

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

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

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

33 **"§ 74C-21. Law enforcement officer provisions.**

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

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

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

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

1 "(a) The Fund shall serve as a guaranty for the obligations of those licensed under
2 this Chapter. The Fund's liability, as guaranty, is contingent upon a licensee or trainee
3 defaulting upon an obligation owed to a person by the licensee or trainee where said
4 obligation was entered into by the licensee or trainee within the scope of the licensee's
5 or trainee's employment in providing private protective services. The aggrieved party
6 must exhaust all civil remedies against the licensee or trainee or the estate of the
7 licensee or trainee before seeking reimbursement from the Fund. The following shall be
8 excluded from reimbursable losses:

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

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