



## REGULATORY AGENCY ACTION

### BUREAU OF COLLECTION AND INVESTIGATIVE SERVICES

Chief: Alonzo Hall  
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The Bureau of Collection and Investigative Services (BCIS) is one of over forty separate regulatory agencies within the Department of Consumer Affairs (DCA). The chief of the Bureau is directly responsible to the director of the Department.

The Bureau regulates the practices of collection agencies in California. Collection agencies are businesses that collect debts owed to others. The responsibility of the Bureau in regulating collection agencies is two-fold: (1) to protect the consumer/debtor from false, deceptive, and abusive practices and (2) to protect businesses which refer accounts for collection from financial loss.

In addition, eight other industries are regulated by the Bureau, including private security services (security guards and private patrol operators), repossessioners, private investigators, alarm company operators, protection dog operators, medical provider consultants, security guard training facilities, and locksmiths.

**Private Security Services.** Private security services encompass those who provide protection for persons and/or property in accordance with a contractual agreement. The types of services provided include private street patrols, security guards, watchpeople, body guards, store detectives, and escort services. Any individual employed for these services is required to register with the Bureau as a security guard. Any security guard who carries a firearm on the job must possess a firearm permit issued by the Bureau. The Bureau operates to protect consumers from guards who unlawfully detain, conduct illegal searches, exert undue force, and use their authority to intimidate and harass.

**Repossessioners.** Repossession agencies repossess personal property on behalf of a credit grantor when a consumer defaults on a conditional sales contract which contains a repossession clause. The Bureau functions to protect consumers from unethical methods of repossessing personal property, such as physical abuse resulting in bodily harm, threats of violence, illegal entry onto private property, and misrepresentation in order to obtain property or information about property.

**Private Investigators.** Private investigators conduct investigations for private individuals, businesses, attorneys, insurance companies, and public agencies. The

scope of their job generally falls within the areas of civil, criminal, and domestic investigations. The Bureau oversees private investigators to protect consumers and clients against investigators who misrepresent, impersonate, or make threats in order to obtain desired information; perform inadequate or incompetent investigations; fail to substantiate charges or charge more than the amount agreed upon; and alter, falsify, or create evidence.

**Alarm Industry.** Alarm company operators install, service, maintain, monitor, and respond to burglar alarms. These services are provided to private individuals, businesses, and public entities. The Bureau regulates this industry in order to protect clients from potential theft or burglary, invasion of privacy or misrepresentation by alarm companies, and failure on their part to render service as agreed.

**Protection Dog Operators.** Protection dog operators train, lease, and sell dogs for personal and/or property protection. They also provide patrol services using trained dogs. These services are employed by private individuals, business entities and law enforcement agencies. The Bureau serves to protect against possible violations in this industry, such as inadequately trained or physically abused dogs, overcharges for services, invasions of privacy, or potential theft or burglary of property.

**Medical Provider Consultants.** Medical provider consultants are contract collectors who provide in-house collection services to medical facilities. They contact insurance companies and/or patients to try to collect on medical debts on behalf of the medical provider. Nevertheless, consultants cannot themselves collect on delinquent debts. Instead, they must turn the debt over to an independent, licensed collection agency in order to avoid any conflict of interest.

**Security Guard Training Facilities.** These facilities provide necessary training for those desiring to become security guards. Training is given in legal procedures, public safety, minimum standards, and professional conduct. Firearm training is especially important for those guards who will carry a firearm on the job. Upon completion of training, guards must pass an exam before they can be registered.

**Locksmiths.** As of July 1987, SB 1540 became effective, resulting in the creation of a locksmith regulation program within the Bureau. (For additional information on SB 1540, see CRLR Vol. 6, No. 3 (Summer 1986) p. 25.)

The purpose of the Bureau is to protect the health, welfare and safety of those affected by these industries. To accomplish this, the Bureau regulates and reviews these industries by its licensing procedures and by the adoption and enforcement of regulations. For example, the Bureau reviews all complaints for possible violations and takes disciplinary action when violations are found. The Bureau's primary method of regulating, however, is through the granting or denial of initial/renewal license or registration applications. Education is also utilized to assist in achieving Bureau goals.

Consumers and clients may pursue civil remedies to resolve complaints and disputes currently within the regulatory authority of the Bureau. In addition, class action suits may be filed on behalf of consumers by the Attorney General's office and local district attorneys against businesses which engage in repetitive unethical business practices.

#### MAJOR PROJECTS:

**Private Patrol Operator Examination.** An ad hoc committee is drafting a new Private Patrol Operator examination. (See CRLR Vol. 8, No. 4 (Fall 1988) p. 48 for background information.) Bureau Deputy Chief Ernest Luzania reports that the committee met on November 30 and December 1, and that a number of operators were in attendance to provide input on the new examination questions. No date has been set for completion of this project.

**Bureau Reorganization.** The BCIS has been undergoing a reorganization since the arrival of new Bureau Chief Alonzo Hall in June 1988. The goal of the reorganization is to improve operations so that BCIS may review consumer complaints and issue licenses more quickly. At the September meeting, Chief Hall reported that formal complaints are to be worked and closed within 45 days of receipt or referred for field investigation. He also noted that the Bureau is establishing a better relationship with the Department of Justice, which should result in the Department's processing of BCIS fingerprint cards in a more expeditious manner.

**BCIS Information Bulletin.** At the September meeting of the Private Security Services Advisory Board, Barbara Wightman (no longer with the Bureau) announced that the Bureau would be sending out periodic bulletins to the industry. The bulletin responds to a need for greater communication between the Bureau and the primary industries



it regulates.

## LEGISLATION:

*AB 255 (Floyd)* would permit the Department of Consumer Affairs to adopt regulations that a security guard must meet in order to become a professional bodyguard. The bill would also require the establishment of conditions under which private investigators and professional bodyguards who hold valid firearms qualifications cards will be issued a permit to carry a concealed firearm. At this writing, AB 255 is awaiting assignment to a policy committee.

*SB 141 (Deddeh)* would authorize BCIS to issue an interim license as a collection agency pending receipt of information from the Department of Justice concerning the applicant's fingerprints. SB 141 has been referred to the Senate Committee on Insurance, Claims and Corporations.

*SB 104 (Robbins)* would revise existing law by increasing the maximum fees and expenses that may be charged by a conservator who has been appointed to take over the business of a collection agency and whose fees and expenses are not paid by the collection agency, as required. The new maximum of \$7,500 (instead of \$5,000) would be paid out of the bond which the collection agency is required to file as a condition of licensure. This bill has also been referred to the Senate Committee on Insurance, Claims and Corporations.

*Anticipated Legislation.* Described below are a number of issues and proposals affecting BCIS that may take the form of legislation in the upcoming session:

-A proposal to amend Business and Professions Code section 6926.5, which requires that when a consumer overpays a collection agency by \$1 or more, or is due a refund of \$1 or more, the licensee shall return the money owing within sixty days. This proposal would seek to increase the \$1 amount to \$10 in order to reduce bookkeeping costs.

-A proposal to amend Business and Professions Code section 6863.5, to reduce to five the number of Collection Agency Advisory Board member votes required to reject any regulation affecting Board licensees adopted by the Director of the Department of Consumer Affairs. This industry-backed measure is not consistent with provisions concerning other DCA bureaus, which require a unanimous vote of the board to reject.

-Assemblymember Floyd's office plans to introduce legislation in the upcoming session similar to AB 1072, which died

in the Senate Judiciary Committee last session. (See CRLR Vol. 8, No. 4 (Fall 1988) p. 49 for background information on that bill.)

## FUTURE MEETINGS:

Collection Agency Advisory Board: May 12 in Garden Grove.

Private Security Services Advisory Board: To be announced.

## CONTRACTORS STATE LICENSE BOARD

*Registrar: David Phillips*  
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The Contractors State License Board (CSLB) licenses contractors to work in California, handles consumer complaints, and enforces existing laws pertaining to contractors.

The thirteen-member Board, consisting of seven public members, five contractors and one labor member, generally meets every other month. The Board maintains four committees: legislative, which monitors legislation affecting the Board; enforcement, which oversees enforcement of existing rules and regulations, including licensing requirements; licensing, which oversees the Board's licensing procedures; and administration/public information/liason, which oversees the Board's operations and public contact. Committees meet monthly, making recommendations to the full Board for requested action.

## MAJOR PROJECTS:

*Proposed Regulatory Changes.* CSLB recently proposed an amendment to section 843, Chapter 8, Title 16 of the California Code of Regulations (CCR). Section 7065.3 of the Business and Professions Code permits the CSLB Registrar to waive written trade examinations. The proposed amendment to section 843 would specify the criteria under which the Registrar may waive written trade examinations. (See CRLR Vol. 8, No. 4 (Fall 1988) p. 50 for further information.)

CSLB also proposes to amend section 832.36 of its regulations, which specifies the tasks that may be undertaken by a plumbing contractor. The proposed amendment would remove language authorizing plumbing contractors to install fire protection systems, in accordance with AB 3841 (Eastin) (Chapter 1035, Statutes of 1988). (See CRLR Vol. 8, No. 4 (Fall 1988) p. 51 for background information.) The proposed changes would also add language specifying that plumbing contractors may install irrigation systems,

which reflects the current practice of the plumbing trade.

CSLB was scheduled to hear public comment on these proposed changes at its January 12 meeting in Monterey.

*Future Regulatory Changes.* CSLB's Licensing Committee has formulated proposed regulatory language granting the Registrar discretion to evaluate an applicant's experience and to award up to five points toward the passage of the trade examination for such experience. The Committee included in its proposed section 828 specific criteria for establishing the number of points to be awarded by the Registrar. The Committee further recommends in all cases that an applicant's examination score be rounded up to the nearest whole point. The Committee recommended to the Board that a public hearing be set to entertain comments on the proposed Board rule.

The Licensing Committee also formulated draft section 827, which pertains to a reciprocity program among California and various western states. (See CRLR Vol. 8, No. 4 (Fall 1988) pp. 49-50 for background information.) Specifically, the proposed rule would allow the Registrar to accept the qualifications of a contractor who is licensed and has been actively licensed for at least the last five years in a similar classification in a state wherein the Board recognizes reciprocity. The rule would also allow the Registrar to waive the written trade examination after written certification from the state in which the applicant is licensed, showing that the applicant's license has been in good standing for at least the five years prior to his/her seeking licensure in California.

The states which would be involved in CSLB's reciprocity program are Hawaii, Nevada, Arizona, and Utah. These states, which have requested reciprocity, were acknowledged as having modeled their licensing programs after California's program.

The Licensing Committee also recommended that the Board set a public hearing on this proposed rule.

*Pilot Arbitration Program.* CSLB recently began a pilot arbitration program that it hopes will result in quicker resolutions of construction disputes. The program provides arbitration service from the American Arbitration Association to resolve construction disputes arising between consumers and contractors with clean records. The program was created by CSLB in response to an ever-growing complaint workload. CSLB acknowledges that because of its present heavy complaint workload, many com-