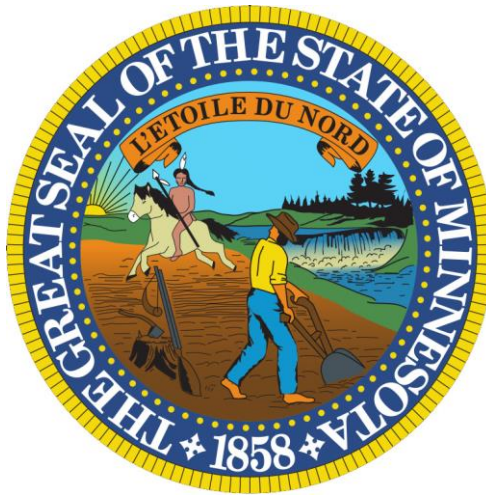


# THE MINNESOTA BOARD OF PRIVATE DETECTIVE AND PROTECTIVE AGENTS

Biennial Report of the Private Detective and Protective Agent Services Board  
FY2017-FY-2018



*“The objectives of the Private Detective and Protective Agent Board is to ensure investigative and security service license holders meet and maintain statutory qualifications and ensuring license holders are acting responsibly and for the best interest of their clients. With public safety and consumer protection as our main guidelines the agency investigates complaints against license holders, provides support to law enforcement and the courts, and works towards increasing the quality of the industry.”*

### Current Board Members

NAME	OCCUPATION
<b>Rick Hodsdon</b> – Board Chairman, Public Member	Washington County Prosecutor
<b>Kip Sandoz</b> – Protective Agent	Midwest Vice President of Securitas Security Services
<b>Jeff Hanson</b> – Department of Public Safety	Deputy Superintendent of the Bureau of Criminal Apprehension
<b>James Hessel</b> : Private Detective	Owner: Emerald Investigations
<b>David Moitzheim</b> : Public Member	Security Specialist – Mayo Clinic

\*Board members spend approximately 120 – 150 hours a year on Board activities.

### Agency Staff- 2 FTE's

**Gregory J. Cook, CFE, CPP** Executive Director

**Kia Vue** Administrative Assistant

### Agency Resources

The Board is a state agency that is housed at the Bureau of Criminal Apprehension. Per MN Statute 214.04 the Board is provided administrative, accounting, human resource and housing support from the Department of Public Safety. The Board meets on a monthly basis to conduct their primary business. These are public meetings and the minutes are posted on the Board's state website, which can be found at: <https://dps.mn.gov/entity/pdb/Pages/default.aspx>

### Regulatory Statutes

The Minnesota Board of Private Detectives regulates the private detective and security industry through Minnesota Statutes 326.32-326.339 and Administrative Rules 7506.0100 –7506.2900. There have been no rules proposed or adopted during FY2017-FY2018.

### Board Powers and Duties

Per MN Statute 326.3311 the Board has the following powers and duties:

- (1) to receive and review all applications for private detective and protective agent licenses;
- (2) to approve applications for private detective and protective agent licenses and issue, or reissue licenses as provided in sections [326.32](#) to [326.339](#);
- (3) to deny applications for private detective and protective agent licenses if the applicants do not meet the requirements of sections [326.32](#) to [326.339](#); upon denial of a license application, the board shall notify the applicant of the denial and the facts and circumstances that constitute the denial; the board shall advise the applicant of the right to a contested case hearing under chapter 14;
- (4) to enforce all laws and rules governing private detectives and protective agents; and
- (5) to suspend or revoke the license of a license holder or impose a civil penalty on a license holder for violations of any provision of sections [326.32](#) to [326.339](#) or the rules of the board.

**BUDGET INFORMATION:** All revenues received are deposited in the general fund.

	<u>FY 2017</u>	<u>FY 2018</u>	<u>Biennium</u>
<b>Total Appropriations</b>	\$189,000	\$191,000	\$380,000
<b>Total non-dedicated fee receipts</b>	\$154,868	\$166,331	\$321,199
<b>Total disbursements</b>	\$211,220	\$167,470	\$378,690

## Agency Core Functions

- **Processing of Applications**
  - Currently MN statutes 326.332-326.339 require an extensive application process. This includes verification of a large volume of information submitted by the applicant, a background investigation, and a review by the Board. The qualifications include, but are not limited to:
    - Verification of information provided on application
    - 6000 hours of documented related work experience
    - Proof of Financial Responsibility
    - \$10,000 surety bond
    - BCA Statewide Background Check
    - Personal and Work References
    - Possible Interview with the Board
- **Processing of Officer Changes**
  - An officer change is when a corporate license holder is replacing one of its four officer positions; CEO, CFO, Qualified Representative and Minnesota Manager. The incoming officer must submit an application to our agency. This is similar to the application process listed above.
- **Processing of Renewals**
  - Every two years a license holder must submit a renewal application. This application is reviewed to ensure the license holder is meeting statutory compliance. This compliance includes, but is not limited to, obtaining required training – for both armed and unarmed services, has proof of financial responsibility, has a current bond in place, passes a background check, and has no outstanding issues. The license holder verifies on an affidavit that each employee received required training, had a background check completed, and was issued a proper ID.
- **Complaints**
  - These include allegations that require research to verify facts and determine culpability. This research is presented to a Complaint Committee that may refer the matter to the Board. At that time the Board may determine disciplinary action. All suspensions, revocations and penalties in excess of \$499 are subject to Office of Administrative Hearings.
- **Certification of Training Instructors and Programs**
  - License holders and their employees are required to have initial preassignment training, as well as continuing education hours annually. If it is a protective agent license and they are armed, there is additional armed training required. In order to get certified by the Board trainers submit an application that outlines the courses they plan on teaching and proof that the instructor themselves are qualified. The renewal period for certified training courses is (2) years, at which time the courses need to be renewed again.
- **Assist Law Enforcement in the Investigation of Unlicensed Activity**
  - Unlicensed entities pose a potential serious threat to the public in terms of public safety and consumer protection. There is no oversight into their training, background, qualifications, experience, proof of financial responsibility, business registration with the state, and tax compliance.
- **Responding to Inquiries**
  - As with many state agencies we need to be able to provide information to those requesting it. These include, but are not limited to, the public, law enforcement, businesses and other state agencies.

Additional tasks include providing support to law enforcement and government agencies, preparing for and facilitating monthly Board meetings, requested research and reports, management of the budget, acting on behalf of the Board at court hearings and events, working on legislative proposals, and management of databases. All application, renewal and officer change documentation is in hardcopy format, which is reviewed and stored manually.

### **Types of Private Investigation Services:**

- Elder Abuse
- Identity Theft
- Cyber Crime
- Insurance Fraud
- Accident / Reconstruction
- Background Checks
- Bug Sweep / TSCM
- Child Support / Custody
- Civil Litigation Support
- Corporate Investigations
- Crime Scene Analysis
- Criminal Defense
- Missing Persons/Children
- Crimes Against Children
- Computer Forensics
- Workers Compensation
- Arson Investigations
- Wrongful Death
- Counterfeiting
- Due Diligence Research
- Electronic Data Discovery
- Electronic Surveillance
- Financial Investigations
- Judgment Recovery
- Employee Theft
- Sexual Harassment
- Mortgage Fraud
- Trial Preparation
- People Locate
- Polygraph
- Process Service
- Public Records
- Surveillance
- Under Cover
- Asset Search
- K-9 Narcotics & Explosive Detection

### **Types of Protective Agents Services:**

- School Safety and Security
- Hospital Security
- Uniform Guard and Patrol Services
- Nuclear Security
- Terrorism Deterrence & Detection
- Loss Prevention
- Armored Car Services
- Event Security
- Executive Protection
- Security Assessments
- Workplace Violence
- Transportation Security

### **Areas Protected by Private Security:**

- Airports
- Chemical Facilities
- Commercial Facilities
- Communications Centers
- Critical Manufacturing
- Dams
- Defense Industrial Base
- Energy Facilities
- Financial Services
- Nuclear Reactors, Materials, and Waste
- Food and Agriculture
- Government Facilities
- Healthcare and Public Health
- Information Technology
- Nuclear Reactors, Materials, and Waste
- Transportation Systems
- Critical Infrastructure
- Water and Wastewater Systems
- Courthouses
- Educational Facilities
- National Labs
- Military Bases
- National Monuments
- Sports Leagues
- Outdoor Events

### Responsibilities of Private Detectives and Protective Agents

Private investigation and security entities are increasing their role and responsibility in our communities and provide key support to government public safety efforts. These professionals are involved in matters of crime prevention, civil disputes, personal and business protection, and investigation into crime that might otherwise go unaddressed. There has been a significant increase in work place crime, an increase in community fear of crime, and an increased awareness of the use of private security and its cost effectiveness. Reports show that:

- The ratio of private security to public law enforcement averages **3 to 1**
- In downtown Minneapolis the ratio is estimated at **13 to 1**
- More than **50%** of response to crime on private property is from private security.
- It is estimated that more than **85%** of our country's **critical infrastructure** is protected by security personnel
- Security professionals are increasingly on the front line and first responders in **terrorist related incidents**.

#### Current Fee Structure:

NEW LICENSE		REISSUANCE EVERY 2 YEARS	
Private Detective		Private Detective	
Individual	\$1,000.00	0-1 Employees	\$ 540.00
Partnership	\$1,700.00	2 to 10 Employees	\$ 710.00
Corporation/LLC	\$1,900.00	11 to 25 Employees	\$ 880.00
		26 to 50 Employees	\$1,050.00
		51 or more employees	\$1,220.00
Protective Agent		Protective Agent	
Individual	\$800.00	0-1 Employees	\$ 480.00
Partnership	\$1,600.00	2 to 10 Employees	\$ 650.00
Corporation/LLC	\$1,800.00	11 to 25 Employees	\$ 820.00
		26 to 50 Employees	\$ 990.00
			\$1,160.00
		51 or more employees	

#### Industry Numbers

In July of 2012 there were **282** license holders. Our agency currently is responsible for regulating and providing oversight to **359** license holders. This is a **27%** increase. With the increase in license holders the responsibilities in terms of the Key Services of the Agency have grown exponentially.

- This includes **217 private investigative and 142 protective agent** license holders.
- There are over **11,600 investigative and security employees** in the State of Minnesota. As part of their renewal, license holders that employ investigative and security personnel are required to complete an affidavit that states each employee received required training, had a background check completed, and was issued a proper ID.
- Currently the agency certifies more than **201** training providers that are representative of more than **1,373** approved training courses.

## Complaint Summary:

FY2017 – (4) FY2018 (14)

YEAR	SUBSTANCE OF COMPLAINT	DISPOSITION
FY2017	Background check and training violations	License not renewed.
FY2017	Violations of city ordinances	Referred to city ordinance inspectors
FY2017	Billing dispute	Referred to complainant to civil court
FY2017	Background check and training violations	License not renewed
FY2018	background check, training violations, false statements to Board	License not renewed
FY2018	License holder misconduct	Referred to local law enforcement
FY2018	Background check violations	Dismissed. Lack of information provided.
FY2018	Trespassing	Referred to local law enforcement
FY2018	Background check and training violations	In process
FY2018	Background check and training violations	Dismissed. Lack of information provided.
FY2018	Training violations	Dismissed. Lack of information provided.
FY2018	Aggressive behavior regarding private detective	Referred to local law enforcement
FY2018	Security companies using unofficial badges	Dismissed. Lack of information provided.
FY2018	Fraudulent billing, using non-certified investigators, false statements	In process
FY2018	Billing dispute	Referred to complainant to civil court
FY2018	Background check and training violations	License not renewed.
FY2018	Violations of city ordinances	Referred to city ordinance inspectors
FY2018	Billing dispute	Referred to complainant to civil court

## AUDITS

- Within the past 2 years the Board began directing our agency to conduct audits of license holders in which serious violations were discovered. The process involves gathering data on each employee, whether current or terminated within the 2 year renewal period, employed by the license holder.
- The key components of the audit is to ensure that each employee has a qualifying background check, has received the required training and has been issued a proper identification card. Results from 6 recent audits displayed below show data as it relates to public safety and consumer protection.

Total Employees Reported	No Background Checks	Background Check After Active Starting Date	Did not Take Preassignment in Timely Manner	Total Background Violations	All Training Violations
3730	262	544	947	806	1180
	7%	15%	24%	22%	32%

### Conclusion:

This industry provides services that include armed personnel as well as individuals that obtain information that can have a significant effect on not only businesses, but personal lives as well. These services have a substantial impact on **public safety** and **consumer protection**. As such, this industry needs critical oversight.

*For more information regarding our agency and industry please do not hesitate to contact me.*

*Sincerely,*

**Gregory J. Cook, CFE, CPP**

Executive Director

Minnesota Board of Private Detective and Protective Agent Services

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