

THE MINNESOTA BOARD OF PRIVATE DETECTIVE AND PROTECTIVE AGENTS

Biennial Report of the Private Detective and Protective Agent Services Board
FY2019-FY-2020



“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.”



STATE OF MINNESOTA
Board of Private Detective and Protective Agent Services
1430 Maryland Avenue East, St. Paul MN 55106

BIENNIAL REPORT FOR FISCAL YEARS 2019 – 2020

Enclosed please find the Minnesota Board of Private Detective and Protective Agent Services Biennial Report for Fiscal Years 2019-2020 as required by Minnesota Statute § 214.07 subd. 1. This report provides a summary of the Board's actions and accomplishments for the past two years.

One of the challenges our agency has faced is staffing. In 2019, legislature approved funding for an additional full-time employee (FTE) bringing our total staff count to 3; Executive Director, Investigative Analyst, and Administrative Assistant. In September of 2019, our Administrative Assistant position became vacant and since then we have not had a trained employee in that position. Shortly after the pandemic started, a hiring freeze was put in place. We have received approval for filling the position but it has taken some time and the position is still vacant as of the time this report was written.

As with all other state agencies, the Board has had to navigate multiple issues over the past several months. In early March 2020, our agency had to enact its Business Continuity Plan as a direct result of the COVID-19 pandemic. Fortunately we were able to maintain all levels of service without impact, as staff transitioned to remote workstations. The pandemic has had a profound effect on the private security industry. A large volume of our security license holders have had their contracts terminated or significantly diminished resulting in a magnitude of forced terminations of their employees.

In May 2020, the State of Minnesota became overwhelmed with civil unrest related to the tragic death of George Floyd. Along with the civil unrest came a quick demand for security services across the state, many of our security license holders answered the call, attempting to fill the need with limited staff and time. As they could not meet the demand, there was an influx of unlicensed security entities operating within Minnesota. Gathering information about these entities and dispersing it to the correct jurisdictions stretched our limited staffing resources.

Possibly one of the largest challenges our agency has continued to face involves licensing renewals. In the early onset of the pandemic, Governor Walz instated Executive Order 20-25 suspending licensing during the State of Emergency. This has caused a significant backlog of licensing renewal applications as our agency does not have an online platform to process applications, we are still processing all applications as hardcopies. Once the State of Emergency is lifted our agency will have 60 days to review and process all outstanding license renewal applications.

Our agency is fairly confident that business can return to normal in the months following the aftermath of the pandemic. If you have any questions, comments, or concerns with the information provided in this report, please do not hesitate to contact me.

Sincerely,

Gregory J. Cook, CFE, CPP

Executive Director | Minnesota Board of Private Detective and Protective Agent Services

(651) 793-2668

Greg.Cook@state.mn.us

<https://dps.mn.gov/entity/pdb>

HISTORY OF BOARD

The first laws in Minnesota were written for the licensing of private detectives in 1945. In 1974 a law was passed forming the first Private Detective and Protective Agent Board was formed. The Board is a five-member panel, comprised of one licensed private detective, one licensed protective agent, one law enforcement representative, and two public members.

Its original mission was to have a process to approve licenses, revoke licenses and deal with complaints. Since the inception, the mission of the Private Detective and Protective Agent Services Board has become to ensure investigative and security service practitioners meet statutory qualifications and training for licensure, and maintain standards set forth in Minnesota Statutes and Administrative Rules.

Currently the Board oversees 359 license holders, this is 217 private investigative and 142 protective agent license holders. Growth of these services can be seen in the increase in new licensees, along with the reissuance of well over 100 licenses annually.

The increased use and visibility of these services contribute to the safety and protection of people and property. The Board monitors, educates and disciplines license holders, using its authority to ensure statute; rules and standards are being met. The Board identifies concerns regarding the changes in government public safety efforts and these privately provided services.

Current Board Members

| NAME | OCCUPATION/REAPPOINTMENT DATE | ADDRESS |
|--|---|--|
| Rick Hodsdon – Board Chairman, Public Member | Attorney/Consultant 1/1/2022 | Box 825 Stillwater, MN 55082 |
| Douglas Belton – Protective Agent | CEO of BelCom, Inc. 1/1/2024 | 7800 Metro Parkway Suite 300, Bloomington 55425 |
| Jeff Hanson – Department of Public Safety | Deputy Superintendent of the Bureau of Criminal Apprehension | 1430 Maryland Ave. E, St. Paul, MN 55106 |
| James Hessel – Private Detective | Owner: Emerald Investigations 12/31/2020 | 11382 Louisiana Circle, Bloomington, MN 55438 |
| Melinda Elledge – Public Member | Attorney 1/1/2024 | 9120 64 th St. N, Stillwater, MN 55082 |

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

Agency Staff- 3 FTE's

Gregory J. Cook, CFE, CPP Executive Director

[VACANT] Administrative Assistant

Abigail Guthrie Investigative Analyst

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 FY2019-FY2020.

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.*

| | FY 2019 | FY 2020 | Biennium |
|---|----------------|----------------|-----------------|
| Total Appropriations | \$192,000 | \$277,000 | \$469,000 |
| Total non-dedicated fee receipts | \$194,311 | \$210,629 | \$404,940 |
| Total disbursements | \$215,529 | \$238,015 | \$453,544 |

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
 - BCA Statewide Background Check
 - 6000 hours of documented related work experience
 - Personal and Work References
 - Proof of Financial Responsibility
 - Possible Interview with the Board
 - \$10,000 surety bond

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

Types of Protective Agents Services:

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

Fiscal Year 2019-2020 Statistics

| | FY 2019 | FY 2020 |
|--|-------------|--------------|
| Private Detective Licenses Granted | 11 | 16 |
| Protective Agent Licenses Granted | 20 | 19 |
| Applications NOT Approved | 0 | 2 |
| Officer Changes Approved | 17 | 16 |
| License Renewals Granted | 151 | 132 |
| Licenses Surrendered | 22 | 23 |
| Licenses Expired | 14 | 3 |
| Training Courses Approved | 62 | 54 |
| Training Instructors Approved | 34 | 28 |
| Letters of Education and Conciliation Issued | 19 | 18 |
| Administrative Penalties Levied | 8 | 19 |
| Dollar Amount of Penalties Levied | \$ 2,696.00 | \$ 55,738.00 |

Licenses Approved FY2019-2020

Age Range:

| | |
|-------|----|
| 18-25 | 1 |
| 26-39 | 20 |
| 40-59 | 37 |
| 59+ | 8 |

Sex:

| | |
|--------|----|
| Male | 58 |
| Female | 8 |

| CODE | DESCRIPTION | TYPE OF INVESTIGATION | COUNT |
|----------------------------|---|-----------------------|-------|
| C | Complaint on a Georgia license holder | | 1 |
| V | Violation of statute either found by agency staff or reported to agency staff | | 4 |
| R | Issues found during a renewal | | 1 |
| A | Background investigation on an applicant | | 1 |
| U | Unlicensed activity either found by agency staff or reported to agency staff | | 1 |
| State of Residency: | | | |
| | California | | 39 |
| | Montana | | 1 |
| | Nebraska | | 1 |
| | Nevada | | 1 |
| | New Jersey | | 1 |
| | New York | | 4 |
| | North Carolina | | 2 |
| | North Dakota | | 2 |
| | Ohio | | 1 |
| | Pennsylvania | | 1 |
| | Wisconsin | | 1 |
| | Virginia | | 1 |
| | Unknown | | 1 |

Investigations Aging Report

FY2019-FY2020

| YEAR | TYPE | DESCRIPTION | DISPOSITION/STATUS |
|--------|------|---|--|
| FY2019 | C | Billing dispute | <i>Referred to civil court</i> |
| FY2020 | C | License holder was not conducting background checks, training properly or issuing ID cards | <i>Open</i> |
| FY2020 | C | License holder was not training employees, starting them on stations before background checks were cleared | <i>Pending receipt of paperwork to proceed</i> |
| FY2020 | C | License holder was paid a retainer, but has not made contact with client to discuss case | <i>Dismissed</i> |
| FY2020 | A | Applicant contracting unlicensed entities to work in MN and providing unlicensed services | <i>Withdrew application</i> |
| FY2020 | U | Unlicensed entity brought to agency by federal entity | <i>Pending receipt of more information</i> |
| FY2020 | A | Applicant was an unlicensed entity that agency was monitoring, possibly providing unlicensed services | <i>License approved with discussion</i> |
| FY2020 | C | License holder possibly impersonating a police officer, not running background checks or providing training for armed security guards, bribery, coercion of employees | <i>Pending Complaint Committee meeting</i> |
| FY2020 | C | License holder installed a camera on private property | <i>Referred to local law enforcement</i> |

| | | | |
|--------|---|--|--|
| FY2020 | C | License holder not training employees before working in an armed capacity | <i>Pending Complaint Committee meeting</i> |
| FY2020 | R | License holder unknowingly copied agency staff on an email potentially discussing plans to fabricate information on reissuance forms | <i>Letter of Education issued with license renewal</i> |
| FY2020 | V | License holder potentially involved in a fraud case being investigated by another state agency | <i>Dismissed for lack of information</i> |
| FY2020 | A | Possible unlicensed activity with company that requested an application and has not submitted any paperwork | <i>Pending receipt of more information</i> |
| FY2020 | U | Previous license holder potentially doing unlicensed activity | <i>Pending receipt of more information</i> |
| FY2020 | V | License holder appeared in news articles about numerous violations | <i>Renewal approved with Monetary Fine</i> |
| FY2020 | U | Previous license holder potentially doing unlicensed activity | <i>Pending receipt of more information</i> |

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 2 recent audits displayed below show data as it relates to public safety and consumer protection.

| Total Employees Reported | No Background Checks | No Identification Card Issued | Did not Take Preassignment in Timely Manner | All Unarmed Training Violations | All Armed Training Violations |
|---------------------------------|-----------------------------|--------------------------------------|--|--|--------------------------------------|
| 2,319 | 27 | 52 | 114 | 993 | 198 |
| | 1% | 2% | 5% | 43% | 9% |

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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(651) 793-2668