

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009

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SENATE BILL 1073
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Finance Committee Substitute Adopted 6/4/09
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Short Title: Amend Alarm Systems Licensing Act.

(Public)

Sponsors:

Referred to:

March 31, 2009

1 A BILL TO BE ENTITLED
2 AN ACT AMENDING THE NORTH CAROLINA ALARM SYSTEMS LICENSING ACT
3 AND AUTHORIZING THE NORTH CAROLINA ALARM SYSTEMS LICENSING
4 BOARD TO ESTABLISH A LATE REGISTRATION FEE.

5 The General Assembly of North Carolina enacts:

6 **SECTION 1.** G.S. 74D-2 as rewritten by Section 15 of S.L. 2009-328 reads as
7 rewritten:

8 "**§ 74D-2. License requirements.**

9 (a) License Required. – No person, firm, association, corporation, or department or
10 division of a firm, association or corporation, shall engage in or hold itself out as engaging in
11 an alarm systems business without first being licensed in accordance with this Chapter. A
12 department or division of a firm, association, or corporation may be separately licensed under
13 this Chapter if the distinct department or division, as opposed to the firm, association, or
14 corporation as a whole, engages in an alarm systems business. The department or division shall
15 ensure strict confidentiality of private security information, and the private security information
16 of the department or division must, at a minimum, be physically separated from other premises
17 of the firm, association, or corporation. For purposes of this Chapter an "alarm systems
18 business" is defined as any person, firm, association or corporation ~~which~~ that does any of the
19 following:

20 (1) ~~sells~~ Sells or attempts to sell an alarm system device by engaging in a
21 personal solicitation at a residence or business ~~when combined with personal~~
22 inspection of the interior of the residence or business to advise, ~~advise,~~
23 design, or consult on specific types and specific locations of alarm system
24 devices, ~~devices.~~

25 (2) ~~installs,~~ Installs, services, ~~monitors~~ monitors, or responds to electrical,
26 electronic or mechanical alarm signal devices, burglar alarms, ~~television~~
27 cameras or still cameras monitored access control, or cameras used to detect
28 burglary, breaking or entering, intrusion, shoplifting, pilferage, ~~or theft.~~
29 theft, or other unauthorized or illegal activity. This provision shall not apply
30 to a locking device that records entry and exit data and does not transmit the
31 data in real time to an on-site or off-site monitoring location, provided the
32 installer is duly licensed by the North Carolina Locksmith Licensing Board.



1 ~~A department or division of a firm, association or corporation may be separately licensed under~~
2 ~~this Chapter if the distinct department or division, as opposed to the firm, association or~~
3 ~~corporation as a whole, engages in an alarm systems business. Such a department or division~~
4 ~~shall ensure strict confidentiality of private security information, and the private security~~
5 ~~information of the department or division must, at a minimum, be physically separated from~~
6 ~~other premises of the firm, association or corporation.~~

7 (b) Repealed by Session Laws 1989, c. 730, s. 1.

8 (c) Qualifying Agent. – A business entity that engages in the alarm systems business is
9 subject to all of the requirements listed in this subsection with respect to a qualifying agent. For
10 purposes of this Chapter, a 'qualifying agent' is an individual in a management position who is
11 licensed under this Chapter and whose name and address have been registered with the Board.
12 The requirements are:

13 (1) The business entity shall employ a designated resident qualifying agent who
14 meets the requirements for a license issued under and who is, in fact,
15 licensed under the provisions of this Chapter, unless otherwise approved by
16 the Board. Provided, however, that this approval shall not be given unless
17 the business entity has and continuously maintains in this State a registered
18 agent who shall be an individual resident in this State. Service upon the
19 registered agent appointed by the business entity of any process, notice or
20 demand required by or permitted by law to be served upon the business
21 entity by the Alarm Systems Licensing Board shall be binding upon the
22 business entity and the licensee. Nothing herein contained shall limit or
23 affect the right to serve any process, notice or demand required or permitted
24 by law to be served upon a business entity in any other manner or hereafter
25 permitted by law.

26 (2) Repealed.

27 (3) In the event that the qualifying agent upon whom the business entity relies in
28 order to do business ceases to perform his duties as qualifying agent, the
29 business entity shall notify the board in writing within 10 working days. The
30 business entity must obtain a substitute qualifying agent within ~~30~~90 days
31 after the original qualifying agent ceases to serve as qualifying agent. ~~agent~~
32 ~~unless the board, in its discretion, and upon written request of the business~~
33 ~~entity, extends this period for good cause for a period of time not to exceed~~
34 ~~three months.~~

35 (4) The license certificate shall list the name of ~~at least one designated~~ the
36 qualifying agent. No licensee shall serve as the qualifying agent for more
37 than one business entity without the prior approval of the Board.

38 (d) Criminal Record Check. – An applicant must meet all of the following requirements
39 and qualifications determined by a background investigation conducted by the Board in
40 accordance with G.S. 74D-2.1 and upon receipt of an application:

41 (1) The applicant is at least 18 years of age.

42 (2) The applicant is of good moral character and temperate habits. The
43 following shall be prima facie evidence that the applicant does not have
44 good moral character or temperate habits: conviction by any local, State,
45 federal, or military court of any crime involving the illegal use, carrying, or
46 possession of a firearm; conviction of any crime involving the illegal use,
47 possession, sale, manufacture, distribution or transportation of a controlled
48 substance, drug, narcotic, or alcoholic beverages; conviction of a crime
49 involving felonious assault or an act of violence; conviction of a crime
50 involving unlawful breaking or entering, burglary, larceny, or of any offense
51 involving moral turpitude; or a history of addiction to alcohol or a narcotic

1 drug; provided that, for purposes of this subsection, "conviction" means and
2 includes the entry of a plea of guilty, plea of no contest, or a verdict rendered
3 in open court by a judge or jury.

4 (3) The applicant has the necessary training, qualifications and experience to be
5 licensed.

6 (e) Examination. – The ~~board~~ Board may require the applicant to demonstrate ~~his~~ the
7 applicant's qualifications by examination, oral or written examination, or both.

8 (f) Confidentiality. – Except for purposes of administering the provisions of this section
9 and for law enforcement purposes, the home address or telephone number of an applicant,
10 licensee, or the spouse, children, or parents of an applicant or licensee is confidential under
11 G.S. 132-1.2, and the Board shall not disclose this information unless the applicant or licensee
12 consents to the disclosure. The provisions of this subsection shall not apply when a licensee's
13 home address or telephone number is also the licensee's business address and telephone
14 number. Violation of this subsection shall constitute a Class 3 misdemeanor."

15 **SECTION 2.** G.S. 74D-3(1) reads as rewritten:

16 "The provisions of this Chapter shall not apply to:

17 (1) A person, firm, association or corporation ~~which that~~ sells or manufactures
18 alarm systems, unless ~~such persons, the person,~~ firm, association or
19 corporation makes personal ~~inspections of interiors of residences or~~
20 ~~business solicitations at a residence or business to advise~~ advise, design, or
21 consult on specific types and specific locations of alarm system devices,
22 installs, services, ~~monitors~~ monitors, or responds to alarm systems at or from
23 a protected premises or a premises to be protected and thereby obtains
24 knowledge of specific application or location of the alarm ~~system;~~ system. A
25 person licensed under this Chapter may hire a consultant to troubleshoot a
26 location or installation for a period of time not to exceed 48 hours in a
27 one-month period if the licensee submits a report to the Board within 30
28 days from the date of the consultation designating the consultant as a
29 temporary consultant;".

30 **SECTION 3.** G.S. 74D-5.2 reads as rewritten:

31 **"§ 74D-5.2. Investigative powers of the Attorney General.**

32 The Attorney General for the State of North Carolina shall have the power to investigate or
33 cause to be investigated any complaints, allegations, or suspicions of wrongdoing or violations
34 of this Chapter involving individuals licensed, or to be licensed, under this Chapter. Any
35 investigation conducted pursuant to this section is deemed confidential and is not subject to
36 review under G.S. 132-1 until the investigation is complete and a report is presented to the
37 Board. However, the report may be released to the licensee after the investigation is complete
38 but before the report is presented to the Board."

39 **SECTION 4.** G.S. 74D-7 reads as rewritten:

40 **"§ 74D-7. Form of license; term; assignability; renewal; posting; branch offices; fees.**

41 (a) The license when issued shall be in ~~such form as may be~~ a form determined by the
42 Board and shall ~~state~~ state all of the following:

43 (1) The name of the ~~licensee;~~ licensee.

44 (2) The name under which the licensee is to ~~operate;~~ and operate.

45 (3) The number and expiration date of the license.

46 (b) The license shall be issued for a term of two years. Each license must be renewed
47 before expiration of the term of the license. Following issuance, the license shall at all times be
48 posted in a conspicuous place in the principal place of business of the licensee. A license issued
49 under this Chapter is not assignable.

50 (c) No licensee shall engage in any business regulated by this Chapter under a name
51 other than the licensee name or names which appear on the certificate issued by the Board.

1 (d) Any branch office of an alarm systems business shall obtain a branch office
2 certificate. A separate certificate stating the location and licensed qualifying agent shall be
3 posted at all times in a conspicuous place in each branch office. Every business covered under
4 the provisions of this Chapter shall file in writing with the Board the addresses of each of its
5 branch offices. All licensees of a branch office shall notify the Board in ~~writing, within 10~~
6 ~~working days after~~ writing before the establishment, closing, or changing of the location of any
7 branch office. A licensed qualifying agent may be responsible for more than one branch office
8 of an alarm systems business with the prior approval of the Board. Temporary approval may be
9 granted by the Director, upon application of the qualifying agent, for a period of time not to
10 exceed 10 working days after the adjournment of the next regularly scheduled meeting of the
11 Board unless the Board determines that the application should be denied.

12 (e) The Board may charge the following fees as follows, which must be expended,
13 under the direction of the Board, to defray the expense of administering this Chapter:

- 14 (1) A nonrefundable initial license application fee in an amount not to exceed
15 one hundred fifty dollars (\$150.00).
- 16 (2) A new or renewal license fee in an amount not to exceed five hundred
17 dollars (\$500.00).
- 18 (3) A late license renewal fee to be paid in addition to the renewal fee due in an
19 amount not to exceed one hundred dollars (\$100.00), if the license has not
20 been renewed on or before the expiration date of the license.
- 21 (4) A new or renewal registration fee in an amount not to exceed fifty dollars
22 (\$50.00) plus any fees charged to the board for background checks by the
23 State Bureau of Investigation.
- 24 (5) A fee for reregistration of an employee who changes employment to another
25 licensee, not to exceed ten dollars (\$10.00).
- 26 (6) A branch office certificate fee not to exceed one hundred fifty dollars
27 (\$150.00).
- 28 (7) A fee not to exceed fifty dollars (\$50.00) for each reconsideration of a
29 license or registration permit that has been filed or returned to the applicant
30 for correctable errors.
- 31 (8) A late registration fee, to be paid in addition to the registration renewal fee,
32 not to exceed twenty dollars (\$20.00) for an application submitted no more
33 than 30 days after the expiration of the registration permit. A registration
34 application submitted more than 30 days after the registration has expired
35 shall be registered as a new applicant.

36 ~~All fees collected pursuant to this section shall be expended, under the direction of the~~
37 ~~Board, for the purpose of defraying the expense of administering this Chapter."~~

38 **SECTION 5.** G.S. 74D-8(a) reads as rewritten:

- 39 "(a) (1) All licensees of an alarm systems business shall register with the Board
40 within ~~20-30~~ days after the employment begins, all of the licensee's
41 employees that are within the State, unless in the discretion of the Director,
42 the time period is extended for good cause. To register an employee, a
43 licensee shall submit to the Board as to the employee: set(s) of classifiable
44 fingerprints on standard F.B.I. applicant cards; recent color photograph(s) of
45 acceptable quality for identification; and statements of any criminal records
46 ~~obtained from the appropriate authority in each area where the employee has~~
47 ~~resided within the immediately preceding 48 months as deemed appropriate~~
48 by the Board.
- 49 (2) Except during the period allowed for registration in subdivision (a)(1) of this
50 section, no alarm systems business may employ any employee unless the

1 employee's registration has been approved by the Board as set forth in this
2 section."

3 **SECTION 6.** G.S. 74D-10(a) reads as rewritten:

4 "(a) The Board may, after notice and an opportunity for hearing, suspend or revoke a
5 license or registration issued under this Chapter if it is determined that the licensee or registrant
6 has:

- 7 (1) Made any false statement or given any false information in connection with
8 any application for a license or registration, or for the renewal or
9 reinstatement of a license or ~~registration;~~registration.
- 10 (2) Violated any provision of this ~~Chapter;~~Chapter.
- 11 (3) Violated any rule promulgated by the Board pursuant to the authority
12 contained in this ~~Chapter;~~Chapter.
- 13 (4) Been convicted of any crime involving moral turpitude or any other crime
14 involving violence or the illegal use, carrying, or possession of a dangerous
15 ~~weapon;~~weapon.
- 16 (5) Failed to correct business practices or procedures that have resulted in a
17 prior reprimand by the ~~Board;~~Board.
- 18 (6) Impersonated or permitted or aided and abetted any other person to
19 impersonate a law-enforcement officer of the United States, this State, or
20 any of its political ~~subdivisions;~~subdivisions.
- 21 (7) Engaged in or permitted any employee to engage in any alarm systems
22 business when not lawfully in possession of a valid license issued under the
23 provisions of this ~~Chapter;~~Chapter.
- 24 (8) Committed an unlawful breaking or entering, assault, battery, or
25 ~~kidnapping;~~kidnapping.
- 26 (9) Committed any other act which is a ground for the denial of an application
27 for a license or registration under this ~~Chapter;~~Chapter.
- 28 (10) ~~Failure—Failed~~ to maintain the certificate of liability required by this
29 ~~Chapter;~~Chapter.
- 30 (11) Any judgment of incompetency by a court having jurisdiction under Chapter
31 35A or former Chapter 35 of the General Statutes or commitment to a
32 mental health facility for treatment of mental illness, as defined in
33 G.S. 122C-3(21), by a court having jurisdiction under Article 5 of Chapter
34 122C of the General ~~Statutes;~~Statutes.
- 35 (12) Accepted payment in advance for services not performed within a reasonable
36 time ~~period;~~period.
- 37 (13) A lack of temperate habits or ~~of~~-good moral character. The acts that are
38 prima facie evidence of lack of temperate habits or ~~of~~-good moral character
39 under G.S. 74D-6(3) are prima facie evidence of the same under this
40 subdivision.
- 41 (14) Been previously denied a license or registration under this Chapter or
42 previously had a license or registration revoked for cause.
- 43 (15) Engaged in the alarm systems profession under a name other than the name
44 under which the license was obtained under the provisions of this Chapter.
- 45 (16) Advertised or solicited business using a name other than that in which a
46 license was issued.
- 47 (17) Failed or refused to reasonably cooperate with the Board or its agents during
48 an investigation of any complaint, allegation, suspicion of wrongdoing, or
49 violation of this Chapter.
- 50 (18) Failed to properly make any disclosure or provide documents or information
51 required by this Chapter or by the Board.

1 (d) The State Treasurer shall invest and reinvest the moneys in the Fund in a manner
2 provided by law, ~~provided that sufficient liquidity shall be maintained to satisfy claims~~
3 ~~authorized by the Board. The proceeds from such investments shall be deposited to the credit of~~
4 ~~the Fund.~~law. The Board in its discretion, may use ~~any and all of the proceeds from such~~
5 ~~investments~~the Fund for any of the following purposes:

- 6 (1) To advance education and research in the alarm systems field for the benefit
7 of those licensed under the provisions of this Chapter and for the
8 improvement of the ~~industry;~~industry,
- 9 (2) To underwrite educational seminars, training centers and other educational
10 projects for the use and benefit generally of licensees, and
- 11 (3) To sponsor, contract for and to underwrite any and all additional educational
12 training and research projects of a similar nature having to do with the
13 advancement of the alarm systems field in North Carolina."

14 **SECTION 11.** G.S. 74D-31, 74D-32, and 74D-33 are repealed.

15 **SECTION 12.** This act becomes effective October 1, 2009, and applies to licenses
16 or registrations issued or renewed on or after that date.