

MINUTES  
PRIVATE INVESTIGATORS LICENSING BOARD  
HEARING  
JUNE 18, 2009

**MEMBERS PRESENT:**

DAVID SPENCER: BOARD CHAIRMAN  
DANIEL CRATE: BOARD MEMBER  
ROBERT UITHOVEN: BOARD MEMBER  
RICHARD PUTNAM: BOARD MEMBER

**MEMBERS ABSENT:**

LOIS WILLIS: BOARD MEMBER

**OTHERS:**

MECHELE RAY: EXECUTIVE DIRECTOR  
JEFF MENICUCCI: BOARD COUNSEL  
ROBERT KILROY: ACTING BOARD COUNSEL DURING HEARING PORTION OF AGENDA  
TAMMY WHATLEY: INVESTIGATOR  
ELAINE TRENT: ASSISTANT

Chairman Spencer opened the meeting. Executive Director Ray called the roll.

**SWEARING IN:**

Board Counsel Menicucci swore in all those present who were to testify during the course of the meeting.

**APPEAL HEARINGS:**

**Jim Smith, Esq., representative for Orion Security Services, Inc.,** requested to be placed on the agenda in order to present additional information for the purpose of appealing the February 1, 2008 unlicensed activity citation. Board Counsel Menicucci clarified that the agenda item was not actually an appeal. Orion Security Services was cited and their appeal was filed late. During the previous hearing, Jim Smith appeared before the Board on behalf of Orion Security. Marshall Smith was present today to provide additional information. A declaration from Steven Russell had been submitted. Board Counsel Menicucci had just received a declaration from Mr. Hohenstein. Mr. Hohenstein was a retired Chicago police officer who met and observed couriers who were going to work for jewelry companies. Board Counsel Menicucci recounted the basis for the citation that Orion Security was providing security services without a license. Investigator Botello made that determination

after a couple of telephone interviews with Mr. Hohenstein. The declaration Mr. Hohenstein provided to Board Counsel Menicucci today was consistent with what he said via telephone. Mr. Russell's declaration provided additional information that would have not been known to Investigator Botello at the time. It was Board Counsel Menicucci's understanding that Orion Security was asking to put the matter back on the next meeting to pursue an appeal.

They wished to prove they did not provide security services, but were merely providing someone to watch the employees to insure they were in the proper location and performing the work that was supposed to be done. Mr. Marshall Smith thanked the Board for their time. He explained that Jim Smith, who was unable to attend today's meeting, was his partner and brother. William Schmitt of Orion Security requested that Marshall Smith appear today. Jim Smith appeared before the Board March 18<sup>th</sup>, 2009 in Las Vegas in which a request was made to provide additional supporting evidence that Mr. Hohenstein was not acting as a Private Patrolman, nor did the agent for Orion Security violate NRS 648.013. Investigator Botello had no authority, therefore, to issue a citation to Orion Security and consequently the Board did not have the jurisdiction to impose a fine. In support of that fact, on May 29<sup>th</sup>, 2009, his office provided to Executive Director Ray and Board Counsel Menicucci a declaration by Steven Russell, the client for whom Orion Security provided services. Under the penalty of perjury, Mr. Russell recalled the events relating to the matter. Bill Schmitt advised him that he was unable to contract with a licensed Private Patrol, but could provide a retired police officer to serve as a disclosed contract observer solely to observe that Mr. Russell's team members arrived at the proper location at the correct time. Mr. Russell agreed to have Mr. Hohenstein work as an unarmed contract observer and not provide protection of property or persons. Mr. Russell alerted his other team members that they would need to obtain security from another source to escort sales people in and out of the area as merchandise was unloaded. Further support was provided by a declaration recently received from Mr. Hohenstein who, under penalty of perjury, stated he also had a clear recollection of events. He served as an independent contractor for Orion Security Services for the dates in question. Orion hired him to observe the performance of the contract between Russell's team and the jewelry stores. Mr. Schmitt instructed Mr. Hohenstein not to provide security for the team members or merchandise, but his duties were limited to observing the team members to insure they arrived on time at the correct locations. He was unarmed. Investigator Botello contacted Mr. Hohenstein, displayed antagonism toward Mr. Schmitt, and attempted to pressure Mr. Hohenstein to admit he was providing private patrol duties. Mr. Hohenstein explained to Investigator Botello that, at the time of the event, he was unarmed and only present to observe. Contrary to Investigator Botello's affidavit, Mr. Hohenstein declares that he was not evasive when questioned by Investigator Botello. Mr. Hohenstein further said he was not performing private patrol duties. Mr. Smith said the Board relied on the affidavit provided by Investigator Botello in good faith, but the evidence shown by two declarations of two witnesses of the events demonstrated Investigator Botello did not have the authority to issue a citation, there had been no violation of statute, and the Board did not have the jurisdiction to impose the fine. Mr. Smith respectfully requested that the initial complaint against Orion Security and Mr. Schmitt be rescinded and the fine imposed withdrawn. Board Counsel Menicucci said the current proceedings were not for the purposes of an evidentiary hearing, so it was inappropriate to rescind the citation on the basis of the declarations. The question was

whether or not to place the item on the calendar for an evidentiary hearing of a citation. The choice to place the item on the calendar was at the discretion of the Board. If the Board allowed the item to be calendared, Mr. Hohenstein and Mr. Schmitt would be called as witnesses. If the Board allowed the item to be brought before another hearing of appeal, either Board Counsel Menicucci or an investigator would contact Mr. Smith to see if an evidentiary hearing was still needed. Arrangements could be made for witnesses. The Board could then determine if the citation was valid or not. Chairman Spencer asked Mr. Smith what services were being provided at the time of the citation. A former police officer was hired, which would seem a good choice for guard work. He noted that the terminology "to observe performance of contract" would seem an issue of protection. Board Member Putnam said part of the issue would seem that the appeal was not submitted in a timely manner. Mr. Smith said his understanding was that Mr. Schmitt experienced communication problems with the legal counsel he initially contacted to represent him regarding the matter. Mr. Jim Smith and Mr. Marshall Smith did not become involved with the matter until after the appeal was already late. Mr. Smith said the citation was issued to Mr. Schmitt, who encountered the communication difficulties with the initial counsel, and then hired the Smiths. Board Member Putnam asked how late the appeal was filed. Board Counsel Menicucci said a letter was sent. Executive Director Ray said the letter was not more than a month late. Board Member Crate asked if the option before the Board was either to uphold the citation or allow an appeal. Board Counsel Menicucci said there were three options: 1) rescind the citation, which Board Counsel Menicucci considered inappropriate at the current time, as no evidentiary hearing had taken place and sufficient investigation had not been done by the Board on the matter 2) allow Orion Security to have an appeal hearing at a future meeting, even though their request to the Board was filed late, or 3) take no action and allow the citation to stand. If the Board chose not to act, Orion Security's remedies at that point were unclear. It was Board Counsel Menicucci's understanding they may seek a special writ, as they felt the Board did not have the jurisdiction. Board Member Crate asked if Board options for today's proceedings were a formal request for an appeal on the part of Orion Security or if the Board could take no action and anticipate an appeal would be made to another jurisdiction. Board Counsel Menicucci said either option was appropriate. Board Counsel Menicucci said Jim Smith made an appeal request at the previous meeting, which would occur if the Board decided not to withdraw the citation. Board Member Uithoven agreed with Board Counsel Menicucci that the citation should not be dismissed. Board Member Putnam moved to allow Orion Security Services, Inc. to present an evidentiary hearing at the next Board meeting. Board Member Uithoven seconded the motion, which passed. Chairman Spencer asked Mr. Smith to provide as much information as possible.

Item 39 (from June 17, 2009 meeting). The Board heard an item that had been continued from the previous day: review, discussion, and possible action on a proposed security training program presented by Martin-Ross and Associates. Mr. Ross introduced himself. Their presentation covered proposed training for security officers. Two months ago, he had presented the program to Executive Director Ray. Jason Patterson introduced himself as the executive director of Martin-Ross Security. The program would improve officer safety and public safety, improve service by the employees, and provide opportunities to generate revenue for the local and state

economy. Nevada had a very high crime rate, the 10<sup>th</sup> highest in the nation. He provided statistics on Nevada's rankings with respect to various crimes. Security employees were severely under-trained and underpaid. Many security employees provide services similar to police officers. He recounted a story that recently a security guard was fired upon 7 times by an unknown assailant who was committing burglary. The proposed training would offer more firearms training than was currently mandated. Security officers were just as likely to be injured or killed as police officers. The current training was very inadequate for security personnel. Their goals were to improve training and education for security personnel, to lower the liability issue for the various companies and clients, to improve service provided by these employees, to increase public safety, to provide job opportunities, to raise revenues for state and local economies, and to improve respect for private patrol personnel. The solution was to raise standards by implementing similar training used by California and Texas. The minimum amount of training hours must be re-visited. A multi-level approach to training, as offered in Texas, could be pursued. An academy style of training should be developed. Schools should be planned to provide training. Various schools would provide more state and local revenue. The state-mandated test for security personnel should be revised and no longer an open-book test. They proposed a 100-question test with a passing score of 75% or more. The required hours of training should be raised. There also needed to be more firearms training and requirements. Firearms training and safety could not be over-emphasized. He noted that the security profession was changing and the standards needed to be raised. Chairman Spencer had read the presentation several times and agreed that it was a good idea. He said others had similar programs in the development stages. He knew of two such presentations that were planned for future Board meetings. The state desperately needed it. He said the initial problem he saw was with the casino industry. They pulled tremendous weight in Nevada and were very concerned with the bottom line. Security issues were usually the last consideration for funding. He would support the idea, but said it would be very difficult to develop and implement the academy-style training. Mr. Patterson said a way to combat the negative issues was the state issued Certified Firearm license. Those instructors were required to complete continuing on-going education and provide proof and pay fees. Training schools opened a market that may not be recognized or licensed by the Board. His company had employees who had been trained by such. His position was that the state could implement regulations that would recognize firearm instruction given by instructors on an approved list. A mandatory academy would not be established, but the state could regulate the requirements to carry a firearm or other equipment. He said licensees were responsible for their employees. California instituted an academy. Individual companies and instructors can provide training. Chairman Spencer noted the Board could not mandate requirements for casino employees. Mr. Patterson wanted to see the employees to exhibit a level of professionalism. He said the training plan would be a vehicle to give the Board more say. Board Member Crate said any discussion regarding additional training should be encouraged. He noted the agenda topic to form a sub-committee to discuss regulations and security personnel exam changes. He asked how many employees were registered with the Board for Ross & Associates. Mr. Patterson said there were 80. Board Member Crate said there were some aspects just presented with which he would disagree, but agreed additional training was important. He said he wanted to exercise caution so that people were not regulated out of business. He said he would disagree about the revenue generation. More

burden would be placed on the current providers. He asked the two representatives from Ross & Associates to take part in the upcoming meetings. Mr. Patterson said it was not the intent to burden or over-regulate the industry. He said the companies had the option of providing additional training for their own employees. Some companies only provided minimum training. There were no regulations regarding the carrying or use of batons or handcuffs. The liability was very high that someone could be injured. Board Member Crate said the risk was currently borne by the licensee. Mr. Ross agreed. In his past law enforcement experience, there was an abundance of training available. If the Board had the ability to provide minimum requirements for firearm training, for example, then the type of training was regulated. He said some training was very inadequate and a standard must be established. Board Member Crate said Certified Firearm Instructors had accountability who were separately certified. If a licensee knew of substandard training, the problem should be reported to the Board. He said some did not perform exactly to the syllabus they had submitted for approval. The Board had an obligation to the citizens of Nevada regarding additional training and minimum requirements to insure that security employees were minimally competent according to statute. Chairman Spencer discussed the market for such training. He again said the idea was sound. The employees could pay their own fees and the training should be documented. Individual employers could evaluate the training. The casino industry could decide what areas they wanted their employees to receive training and certification. Mr. Ross said a level of regulation would be decided by the Board. A baseline of training was needed. Chairman Spencer said the firearm area did have requirements, but some instructors were not adhering to those requirements. Executive Director Ray said a sub-committee was to be formed to review and discuss all firearm regulations and to recommend changes to the Board at the September 2009 meeting. She asked anyone at the meeting who was interested in serving on the sub-committee to contact her. She liked the ideas of levels. Years ago, there was much opposition initially when the security guard exam was under development. She thought 4 hours of training had been intended to be included with the exam, but had never been put into the regulation. The opposition came mostly from events services providers who were concerned that the employees would be trained in areas that were unnecessary. Mr. Patterson said Level One would be a basic course. Level Two and Level Three would provide more advanced training. He said the casino industry would oppose the idea. Chairman Spencer said that was fine. Mr. Patterson said small steps should be taken initially. Chairman Spencer said the JCK Show was a good example. The Board had authorized companies in the past to bring in 100-200 employees who were out-of-state peace officers to fill positions that could be handled by trained security personnel from within Nevada if enough existed to provide the service. Board Member Crate noted that 90% of those approved variances were allowed due to an on-going established supervisory relationship between the peace officers and the traveling shows. Chairman Spencer said an opportunity existed. Board Member Putnam commented that the bottom line for the casino industry was money. He offered the following scenario: minimum standards were set by the Board, a casino employee did not meet those standards and somehow injured a citizen, and the perception would be that the casino employees were found to be less trained than private security guards. He felt the casinos would want to insure their employees were well trained. He agreed that the training program was a good idea and cautioned the endeavor would take a lot of time. He thanked the gentlemen for their presentation. Chairman Spencer said

minimum standards should be established for the Board. Board Member Crate said the Board had the authority to establish separate criteria levels under statute. Executive Director Ray said there was statutory authority for firearms training. Chairman Spencer asked if Mr. Ross or Mr. Patterson had considered fees. Mr. Patterson said they had considered it.

**Point 2 Point Global Security, Inc.** was issued an unlicensed activity citation and Ms. Point requested an appeal hearing. Robert Kilroy acted as Board Counsel for this item. Investigator Whatley said she issued Citation C-041-09. She had a copy of the citation; copies had also been provided to the Board. She observed a posting on Craigslist on March 4<sup>th</sup>, 2009 advertising interviews for security guards. On March 5<sup>th</sup>, she went to Harrah's in Reno where the interviews were to be conducted. She met with representatives from Admiral Security. She met Anthony Seda and Youssef Abdallah. She saw a stack of papers on a table for distribution to the candidates. The paper showed that the property in question was the Highlands. She eventually visited that property. She was made aware at the Highlands that Point 2 Point was the actual company that had the contract for security there. Board Counsel Menicucci stopped her to explain that Exhibit 1 was the actual citation and Exhibit 2 was the Craigslist posting. Exhibit 3 was the marquee at Harrah's showing that Admiral Security was at the property. Exhibit 4 was the paper to which she referred earlier identifying that the job was located at the Highlands. She initially spoke with Shiloh. She read from her citation that she contacted Shiloh on March 9<sup>th</sup> who told her that the security contract was with Point 2 Point and Investigator Whatley needed to contact Gary. The next day Investigator Whatley contacted Gary Dancy at the Highlands, who told her to contact Julia Takeshita at the corporate office in Austin, Texas, which she did. Investigator Whatley said Mr. Dancy did confirm that the security contract was with Point 2 Point, but she needed to contact Ms. Takeshita for a copy of the contract. Ms. Takeshita referred her to two other people in the corporation. She went to the Highlands to observe the security guards. The logo on the security vehicle at the Highlands showed AS Services. Exhibit 5 contained a copy of a photo of the patrol vehicle's logo. Admiral Security, Inc. used the same logo on its letterhead shown in Exhibit 4 that also appeared on the logo on the vehicle. Investigator Whatley verified that Admiral Security and Point 2 Point were both unlicensed. She issued a subpoena for records from the Highlands, a copy of which was Exhibit 6. She received a phone call from Michael West, who was with Point 2 Point. He identified himself as the chief operating officer. Exhibit 7 was a copy of the correspondence she received from Mr. West. Board Member Crate asked Investigator Whatley to explain the phone conversation she had with Mr. West. She said there was a phone conversation and then she received an e-mail correspondence from him. She served the subpoena on March 16, 2009 and received the phone call on March 18, 2009 from Michael West after the subpoena was served. She eventually received documents in response to the subpoena. Exhibit 8 was a security service agreement between Point 2 Point Global Security and College Park Communities, The Highlands. It was received in response to the subpoena. Exhibit 9 showed invoices for Point 2 Point Global Security, Inc., which were also sent in response to the subpoena. Board Counsel Menicucci asked if Admiral Security or Point 2 Point changed the logo on the security vehicle. Investigator Whatley said the AS was eventually removed, but was done a little while after the cease and desist letter was sent. On occasion, she did see a magnetic sign which

read All Purpose Security covering the AS logo. She did find the AS logo was uncovered at times because the magnetic decal was not in place.

Stephanie Point had no questions. She wished to stress the quick response when the citation was received. She had no idea they were in violation. She was aware that only 2 states, Florida and Texas, did not allow sub-contracting. As soon as she found out she was in violation, she corrected the problem. Board Counsel Menicucci explained that Ms. Point would have the opportunity to present her case later in the meeting. Gary Dancy was the general manager at the Highlands. He was familiar with the security contract between Point 2 Point and the Highlands. He received invoices from Point 2 Point Security for security services provided. Mr. Dancy explained the procedure for payments. Point 2 Point sent the invoices to him and checks were generated for them. Mr. Dancy said it was part of his duties to observe that Point 2 Point actually provided the services that were billed. He said he understood that Admiral Security was also providing security services. The security at the Highlands included unarmed officers standing post. A vehicle was also used. Ms. Point had no questions for Mr. Dancy. Board Member Crate said it was indicated two companies were involved, Point 2 Point and Admiral Security. Ms. Point said Night Eagles was also involved. Mr. Dancy agreed. He had been with the Highlands since mid-July 2008. Night Eagles was supplying the security at that time. Mr. Dancy said they were replaced due to lack of services. Point 2 Point began to provide service and Night Eagles was removed. Board Counsel Menicucci asked if Mr. Dancy ever processed any payments for Night Eagles, but he had not done so. Board Counsel Menicucci then rested his case for upholding the citation. A contract to provide services existed in Nevada, invoices were produced for those services and paid, and the services were provided. These acts were in violation of Nevada statutes.

Ms. Point was given the opportunity to speak. Point 2 Point was a national company and licensed in approximately 17 states. Her contract with Campus and Gary's company were based in Austin. She worked in 6 states with those companies. She again said she had no idea it was a violation of Nevada's statutes to legally sub-contract with a licensed security company. She hired companies to make sure that the laws were followed. She fired Night Eagles because they did not have insurance for a three-week period. She immediately found All Purpose Security through Mohamad Ahmed. She did pay for Night Eagles insurance. She understood there was a violation of 648. She said she had contracted with a licensed company in Nevada because she was from out-of-state. As soon as she learned of the violation, it took two days to rectify the situation and six days to provide all documents to the Board and she took the exam. Chairman Spencer appreciated the fact that Ms. Point attempted to rectify the situation so quickly. It was his understanding that Ms. Point had not sub-contracted with a licensed company. Ms. Point explained that Mr. Ahmed provided IT service and All Purpose provided the security service. Night Eagles was terminated about 5-6 months ago. She was not sure if it occurred in February and was not sure of the exact date. All Purpose was hired about a week or two before Night Eagles was relieved of duties. Mr. Ahmed hired All Purpose and security duties were switched from Night Eagles to All Purpose Security. Exhibit 11 was a security service agreement between All Purpose Security and American Campus Communities, which owned the Highlands. Ms. Point agreed the agreement was dated March 17, 2009. It was entered into because Investigator Whatley advised Ms. Point that she was in violation of Nevada statutes.

Exhibit 8, the contract between College Park and the Highlands, which stated it was the responsibility of Point 2 Point to supervise all security personnel. Ms. Point said that was correct. Board Counsel Menicucci said it was Ms. Point's responsibility to provide the security. She said she used a licensed security company. Board Counsel Menicucci noted that the Highlands never had a contract with All Purpose Security until March 2009. She said the Highlands were unaware they needed to do so until March 2009. The only contract in existence was between the Highlands and Point 2 Point. Ms. Point agreed that Point 2 Point was paid for the service and she received based on the invoices over \$250,000 for the period between May 18, 2008 and March 7, 2009. Board Counsel Menicucci asked what Point 2 Point paid to the sub-contractor during that same period. Ms. Point said she would need to refer to the invoice. She said she paid them weekly or bi-weekly. He asked if the entire amount she received from College Park was paid to the sub-contractor. She mentioned insurance and taxes. Board Counsel Menicucci said a profit was made by Point 2 Point as a result of the contract. Ms. Point agreed. Board Counsel Menicucci asked if Ms. Point provided a sub-contract agreement between All Purpose Security and Point 2 Point to provide security service to the Highlands. She said that would have been provided through Mr. Ahmed, but she hadn't done so directly. Board Counsel Menicucci recalled Investigator Whatley for questioning. Board Member Crate asked if Exhibit 8 was the contract dated January 2007. He noted that #5 indicated security persons, however independent contractors. Ms. Point said those people were not her employees and some states allowed independent contractors. Board Member Crate asked if some employees were not independent contractors. She said that was correct and explained that she "1099'd" the independent contractor employees. Board Member Crate referenced Item 14, which stated that "company should not assign its obligations", meaning Ms. Point could not sub-contract her obligations. Ms. Point said she could not sub-contract to someone else. Board Member Crate again read the phrase "company should not assign its obligations". Ms. Point explained that a tier system would result in less money for the guards. If she sub-contracted to Night Eagles, they couldn't sub-contract to a third company. Mr. Ahmed was an IT company which provided services for Ms. Point. Board Member Crate referenced a copy of the contract with Admiral Security, which was defined as a contract guard service. Ms. Point said they were used as a management company, responsible for the computer equipment and programs. Board Member Crate asked about Admiral Security's role and if that company anticipated that it would enter into a sub-contract. Ms. Point said Admiral Security was actually in the process of buying All Purpose Security, which was in progress when the citation occurred. Board Member Crate asked if Ms. Point was aware that yesterday Admiral Security indicated that Point 2 Point did not provide security officers. She said they didn't in Reno, but she had hundreds of employees throughout the United States. She said Reno was too small for her company, so they intended to use another company. Board Member Crate noted that Exhibit 13 was a sub-contract service agreement between Point 2 Point and Admiral Security. She agreed it was dated May 21, 2007. Item 12 was a contract dated July 2007. Board Member Crate asked why there were two different contracts. Ms. Point said she hired Mr. Ahmed for his management ability and clerical skills, which was one contract. The other contract was with a company that provided security personnel. Mr. Ahmed ran that process for Ms. Point. Board Member Crate read that Point 2 Point was a contract security service that may, from time to time, sub-contract for security guard services to a sub-contractor. That sub-



contractor was defined as Admiral Security. Ms. Point agreed. Board Member Crate asked about Mr. Ahmed's role as management only when security guards were involved. Ms. Point said Admiral Security ran a guard service, too. Board Member Crate asked if Ms. Point was aware Admiral Security was not licensed in Nevada. She said she absolutely knew and they were hired as a management company only. The guards were provided by All Purpose Security. Chairman Spencer asked if a management contract was in place. Ms. Point said there was a specific contract for management. Chairman Spencer again asked if there was a management contract in place at the time of the citation. Ms. Point again said there was a specific management contract. Chairman Spencer said Ms. Point had gone out of her way to note that Admiral Security was a management company, so he was curious to know if a management contract was in place. Ms. Point said the contract was just a contract. She had used Mr. Ahmed's company for IT services in California for several clients. Admiral Security also had a guard service in California that provided services to several clients. She asked Mr. Ahmed for assistance regarding the guard service company and the need for sub-contracting services once the insurance problems with Night Eagle surfaced.

Board Counsel Menicucci asked Investigator Whatley about Exhibit 11. He referenced an agreement between College Park and All Purpose Security. He asked if she had ever received a sub-contract from Point 2 Point and All Purpose Security, but Investigator Whatley said she had not. She noted that she may have received the items in Exhibit 11 twice. All Purpose Security provided the information to her and she also received it with the citation information. Board Counsel Menicucci asked if she received a copy of the sub-contract between Point 2 Point and All Purpose Security. She had not. Board Counsel Menicucci summarized that the key to the matter was evident in Exhibit 8, the contract, and in Exhibit 9, the invoices; both showed that there was a contract to provide services. They were billing for security services. Legally, a sub-contract does not relieve the contracting party of the contract obligations. The obligations that were undertaken by Point 2 Point to provide security in Nevada remained and they were in violation of Nevada statutes and regulations by acting in a Private Patrolman capacity. They had a supervisory responsibility as shown in the contract. They said they would provide security personnel and proceeded to supervise those people. They also were paid for that service. It was clear that Point 2 Point and Admiral Security had a working relationship in California and sub-contracted services to each other. There was no written sub-contract between Point 2 Point and All Purpose Security. It appeared Point 2 Point utilized another unlicensed entity, Admiral Security, at the Highlands until Investigator Whatley issued a violation to them. The Board needed to make the point clear that sub-contracting does not relieve a contracting party from providing the services as shown in the contract. Board Member Crate asked if the infraction was memorialized by the service agreement. Board Counsel Menicucci said that was correct, combined with the fact that the service was provided, billed, and paid for in Nevada. Board Member Crate said a number of companies sub-contracted. He said if an out-of-state company such as Point 2 Point had a relationship with another corporate entity and had an existing agreement; the problem existed with Point 2 Point's representation that they themselves were providing the services in the contract, when it was actually sub-contracted. Board Counsel Menicucci said that was correct. He said it was possible for a company to refer a client to a licensed Nevada company and then the client could enter into its own contract. He said assignment of responsibilities could be

made in the contract. He said a sub-contract did not do that. Board Member Crate noted Exhibit 8 could have shown the lack of a license for a fee. He explained that if an agreement was in place for the Highlands between Point 2 Point and College Park Communities, they could have an agreement to sub-contract services for a fee and act as billing agent. He was concerned that the work would be done under a sub-contract agreement. Board Counsel Menicucci said it was difficult to discuss facts that were not present in the case. Board Member Crate rephrased his question, which was how the company would accomplish a sub-contract and still maintain a relationship with the College Park Communities. Board Counsel Menicucci explained the relationship could not include provision of private patrol services. If the relationship existed with an entity that procured employees for companies, that may be permissible, as they could connect their client with a licensed entity. He did not want to discuss hypothetical questions. He reiterated that the sub-contract did not relieve the contracting party of its obligations. Clearly, sub-contracting had taken place. Point 2 Point sub-contracted the obligations. He noted the services of Admiral Security, though unlicensed, were being used and All Purpose Security only came on the scene after Investigator Whatley cited Point 2 Point. Ms. Point said that was incorrect.

She again said she was unaware a violation had occurred. Board Counsel Menicucci again noted Admiral Security was not licensed in Nevada. Ms. Point said Admiral Security did not place its own guards in Nevada, but were using those of All Purpose Security. Board Counsel Menicucci said Admiral Security provided a vehicle. Point 2 Point was being paid to use Admiral Security's car at the Highlands. Ms. Point said that was true. She again argued that none of Admiral Security's guards were present. Board Member Crate noted that Admiral Security was active in a supervisory capacity and were hands-on at the site and the company name was prominently displayed. Ms. Point again said stated that when she learned she was in violation, she "fixed it immediately". Board Member Putnam moved to uphold the Citation C-041-09 issued to Point 2 Point Global Security, Inc.. Board Member Uithoven seconded the motion, which passed.

Chairman Spence moved to continue Item 4 and Item 5 on today's agenda. Board Member Putnam seconded the motion, which carried.

Executive Director Ray said all items had been completed on today's agenda. She asked Board Counsel Menicucci what was needed to continue with the items that had been tabled for today from yesterday's meeting. Board Counsel Menicucci said a motion should be made to return to the items not completed yesterday that were carried over today. Board Member Putnam moved to do that. Chairman Spencer seconded the motion, which passed.

Item #32 (from June 17, 2009 agenda) was discussed. **Point 2 Point Global Security, Inc.** requested a corporate Private Patrolman license and **Stephanie Point** requested an individual Private Patrolman license. Ms. Point said she was a retired homicide detective. She retired from the force and then worked for Intel Security in California. She was asked by another company to run its operations nationwide. There were 220 companies sub-contracting all over the nation. She then started her own company with multiple offices and numerous

employees. She had never been fined until now. She wanted to provide jobs for the people in Nevada. She said she would follow statutory procedures. Board Member Crate moved to grant Stephanie Point an individual Private Patrolman license, to grant Point 2 Point Global Security, Inc. a corporate Private Patrolman license, and that Stephanie Point, Teresa Pabigian, and Susan DiMaggio be approved as corporate officers, and to place Ms. Point's personal license in abeyance so she could be the qualifying agent, subject to all statutory and regulatory requirements. Chairman Spencer seconded the motion. Board Member Putnam voted to oppose the granting of the license to Ms. Point. The motion carried.

Item 40 (from June 17, 2009 agenda) was an update on the 2009 legislative session given by Executive Director Ray. The bill to allow the PILB to assume the duty of issuing work cards, SB 265, was passed. She would discuss the process later. Another bill, SB 194, dealt with an exemption from the Private Investigator license for assessors in rural counties. She did not know if anyone from the industry testified in opposition to the bill, but it passed. She read the specific language from the bill. Another bill involved amber lights used on vehicles. Several security companies attempted to renew their permits to use amber lights on their vehicles and were denied by NHP. The denials occurred because the NHP suddenly realized the companies did not appear on the statutory list for vehicles that were allowed to display amber lights. Rickie Nicholas, a licensee, was instrumental in contacting a senator who assisted him in adding an amendment to that statute that specifically stated licensed Private Patrolman companies could also display the amber lights. A debt collection bill, AB 87, changed a few things for the PILB regarding unpaid unlicensed activity citations. The Board's current practice was that she continually sent letters to people who either never paid their citations at all or stopped sending payments. The names were sent to collections. Board Counsel Menicucci said the Controller was instrumental in moving AB 87 through the legislature. The idea was to consolidate the debt collection practices within the Controller's Office for most of the state. Agencies shall assign debt to the Controller for collection not later than 60 days after the debt is past due. The existing statute defined "past due". Many times a citation was given and a fine imposed to be paid in 6 months. Board Counsel Menicucci said the bill really was not past due until the person who was fined failed to comply with the agreement. He noted that 60 days was far less than 6 months. Under the new system, after 60 days, the unpaid citation was to be sent to the Controller's Office, who would then most likely hire private debt collectors to handle the matter. Once the debt was assigned, the Controller would assess an additional fee. The Controller did not want to receive a debt that was subject to an appeal and contested by the person who had been cited. The Controller shall waive the requirement to transfer the debt for those agencies that already had a good debt collection system in place. Many agencies would rather transfer the debts. Chairman Spencer said the people collecting that debts must be commissioned by the Controller's Office. Board Counsel Menicucci said there may be a partial waiver; for instance, an agency could request to increase the time to transfer the debt from 60 days to 120 days. Chairman Spencer asked specifically about the nature of the debts that would be sent to the Controller's Office. Board Counsel Menicucci said they were any debts involving the state, with minor exceptions; specifically, one was if an agency held the debt in trust for another party; they would also have the option to send the debt to the Controller's Office. Basically any debt due an agency should be sent to the

Controller's Office 60 days after it is past due. Board Counsel Menicucci said the Controller's Office was receiving debts that were 120, 180, and 360 days past due. At that point the collection percentage dropped dramatically. The idea was if the debts were transferred sooner, the collection percentage would be higher. Executive Director Ray said AB 490 died in committee. Board Member Crate asked about David Groover's bill. Executive Director Ray explained that language was submitted to the Legislative Counsel Bureau, who felt the statute was being misinterpreted, leaving no reason to make any amendments. Executive Director Ray said there were not to be any changes to that particular section of NRS 648. There were two amendments to SB 265. One amendment was to exempt commercial resident agents and Nevada licensed CPAs from the need to obtain Private Investigator licenses. The amendments were placed under NRS 648.018. She explained that the original language submitted for the amendments contained "to any person". The language was tightened up for the amendments by including language for commercial resident agents and CPAs. She noted an applicability subsection dealt with attorneys. Executive Director Ray said the Board did not pursue CPAs for licensure.

Item 42 (from June 17, 2009 agenda) regarded the work card issue. Executive Director Ray crafted language to start the process for the sub-committee. She provided the Board with a lot of information. The Board needed to provide direction to submit language to the Legislative Counsel Bureau to implement regulation changes to be put into effect. The bill was scheduled to take effect January 1, 2010. She had not received official word from Washoe County, but she heard unofficially that they would decline to enter into an agreement to continue or perform part of the work card process. An amendment was made to SB 265 for the benefit of Washoe County and Clark County, who feared they would lose revenue if the state assumed the duty. The provision allowed counties with populations greater than 100,000 to enter into an agreement with the state to provide part of the function. Las Vegas Metropolitan Police Department may want to discuss the matter with Executive Director Ray. She said the process could not wait on the decisions of the two counties. The process needed to start immediately. The language needed to be sent to the LCB, a workshop needed to take place, and hopefully a public hearing would be held to proceed with the adoption of regulatory language. Chairman Spencer moved to approve to proceed on Item 36. Board Member Putnam seconded the motion. Executive Director Ray questioned that the motion was not for Item 36. Chairman Spencer then stated 42, and Board Member Putnam amended his second for Item 42. Board Member Crate asked if it was appropriate to authorize Executive Director Ray the ability to use any funds to prepare for the January 1, 2010 start date. Board Member Putnam moved to approve funding for the matter; Chairman Spencer seconded the motion, which carried. Executive Director Ray explained that it was not a problem if Washoe County opted to not participate in providing work cards, but it would be helpful if Las Vegas Metropolitan Police Department wanted to continue assisting in the process. An annual contract could be put in place. Smaller counties had never been involved with work cards and the PILB would need to include plans for word card issuance in those counties.

Item 43 (from June 17, 2008) involved forming a sub-committee for possible changes for the current security officer exam. Board Member Crate asked to place the item on the agenda. Board Member Crate said the exam

had not been updated since it was implemented. The new system for implementing the issuance of work cards by the Board provided a good opportunity to anticipate an online security officer exam. Input could be provided, the test should be upgraded, and the bar should be raised for security officers. Chairman Spencer asked about the occurrence of allowing security officers to sign completed test answer sheets without actually taking the test and if it occurred frequently. Board Member Crate said it happened more than likely, but couldn't speak to the frequency. He again noted an online exam should be discussed. He said that GL Suite may be able to accommodate the testing. Executive Director Ray said the company was available for the testing online. Board Member Crate said the dove-tailing of procedures into one location with the new work card procedures provided an opportunity to upgrade the exam and the way it was administered. Executive Director Ray agreed that, as the registration process was changing, it would be an opportune time to fine tune methods to administer the exam. Board Member Putnam discussed the real estate exam. The questions were randomly provided by computer software and controls were in place to verify who actually took the exam. Executive Director Ray said she wanted to ultimately administer the licensing exam in that manner as well, rather than having each new applicant travel to Nevada for the testing. Much technology was available for testing and she had attended a conference on the subject. The newly constructed Private Investigator licensing exam could be given via computer. Companies were available to provide contracts for testing to provide proctors and computer labs to administer the tests. Board Member Putnam moved to approve the formation of a sub-committee to discuss the security officer exam. Chairman Spencer seconded the motion, which carried.

Item 44 (from June 17, 2009 agenda) dealt with discussion and possible action to amend management directives for the Board. Executive Director Ray provided history on the subject. She provided copies of the three management directives that were reviewed and approved by the Board in April 2008. The item was most specific to the management directive regarding unlicensed activity. She said the history of staff taking a more proactive approach in issuing unlicensed activity citations began in 2000. She provided an excerpt from the minutes of that meeting. She wanted the Board to provide direction on the process and if they wanted to make any changes. Executive Director Ray said an original management directive had been in place and used by the Board for years. The Board specifically said not to change the strict language in the directive. A pending and ongoing lawsuit had continued for years. Board Counsel and Executive Director Ray reviewed the old citation for unlicensed activity, proposed some changes, and brought those to the Board April 2008. She read the language from the directive. She read NAC 648.165 for the record. She wanted to refresh the Board's memory as to why a citation was issued as opposed to a cease and desist letter. Chairman Spencer asked where the policy for issuing a citation versus a cease and desist letter was discussed. Executive Director Ray said she had provided a history on the topic included in previous meeting minutes. She recalled a former qualifying agent for Global Intelligence before Peter Maheu assumed the role. That person requested to be placed on the agenda for June 2000. Mr. Maheu appeared on his behalf. The Board felt an unlicensed activity citation should be issued for the first offense. There was more Board discussion at that time to allow discretion of the investigator and staff on a case-by-case basis, depending on the seriousness of the violation. She read from the minutes regarding

Chairman Auer's discussion about citations, letters, and appeals. The industry was not happy and felt the Board was not doing enough to combat unlicensed activity. A motion was made and seconded at the June 2000 meeting to craft a new directive allowing the investigator to issue citations without providing a cease and desist letter. Chairman Spencer said he thought citations should be issued versus some of the issues which were less specific. A new directive was crafted by Carol Hanna and brought to the Board September 2000. The revisions were not accepted by the Board and the original language was kept. There was no mention of probable cause and the language remained fairly restrictive for the investigator. Executive Director Ray said staff had not taken a less proactive position; she merely was attempting to provide history on the directives. Chairman Spencer noted that Board staff was present when citations were issued, but the Board was not. If Board staff chose to issue a citation, then it should be done. Executive Director Ray said no action was needed. Board Member Crate noted that on the occasions that Board asked why a cease and desist letter was not issued prior to a citation was not meant as a criticism. The Board wanted to know the reason or activity that caused a citation to be written on the spot. The Board questions may appear to be challenging the investigators, but they were merely seeking clarification. The Board did not wish to hamstring the investigators. Chairman Spencer asked when a cease and desist letter was deemed sufficient. Executive Director Ray said typically cease and desists were verbal and the investigator would follow up on the issue upon returning to the office. She insisted that the verbal cease and desist should be followed up in writing and certified. She noted that staff often did not receive a response, though that was preferred. Chairman Spencer discussed that typical citations in law enforcement specifically stated the reason for the citation with specific language issued on the spot. Executive Director Ray had researched the possibility, but given the procedures, the investigator was usually required to perform more research before issuing a citation on site. There were a number of issues to ascertain before issuing a citation. Board staff had sent people home for improper registrations or not holding valid work cards. For the purpose of bringing the issue before the Board, more information was needed to present to the Board by staff to successfully present its case. She said issuing citations immediately was not always the answer. Executive Director Ray said for violations by licensees, a ticket book may be implemented. Board Member Crate said there was a difference between a violation and unlicensed activity. He recalled Bill Bertram was concerned about challenges with due process and always sent a cease and desist before he issued a citation. He asked if any additional language needed to be added to the directive. Executive Director Ray did not believe that was necessary. Investigator Whatley referred to the statistics. She wrote 9 cease and desist letters and 10 citations. Not all her cases were citations and not all were cease and desist. She weighed if the incident was isolated or was recurring. Often, she received complaints that an out-of-town company was providing services, but they said they worked one time. She would send a cease and desist to put them on notice that statutory requirements must be followed in Nevada. If she determined that a violation clearly was occurring, she would issue a citation. She referenced a company that came before the Board yesterday. She had not written a citation for them, but issued a cease and desist letter. The amount of time it would have taken to completely investigate and substantiate a citation was not worthwhile, as the company was in the process of obtaining a license. She determined that a cease and desist was more appropriate in that instance. Chairman Spencer asked how often a cease and desist was issued

and then a citation was also issued. Executive Director Ray explained that often if staff records indicated a cease and desist letter was sent previously, a citation was automatically sent upon receiving information that the activity was recurring. Chairman Spencer asked how often staff followed up on a cease and desist letter and then received more adverse information. Executive Director Ray said that happened as well. She wanted to revisit the issue and refresh the Board's memory. Chairman Spencer feared the investigators would become burned out, but was assured that was not the case.

Item 46 (from June 17, 2009 meeting) was the next agenda item which allowed for Board comments. Board Member Putnam commended the investigators on the fantastic job they were doing, as evidenced by the extensive background information they provided on the applicants. He thanked the Board staff, as well. Executive Director Ray said the statistics given in the Board meetings did not include any mention of the work done by Mary Jane Daugherty or Elaine Trent. Executive Director Ray acknowledged the work done by her entire staff and thanked them for all their efforts. Chairman Spencer also thanked Colin Murphy and had heard that Mr. Murphy was very professional in his presentations. He said the organization as a whole did a very good job.

Item 47 allowed for discussion of future agenda items. Executive Director Ray said she could provide a recap for any issues. Any item that had been continued would be discussed at a future meeting. Board Member Crate wanted the 120-day to name an acting qualifying agent issue to be discussed further. Executive Director Ray had already made a notation for that issue. She also had proposed regulation changes that had already been discussed and she was given the authority to pursue. She noted the difficulty during a legislative session with the duplication of efforts. She said several proposed regulation changes would be presented. Board Member Crate said that was fine.

Item 48 was public comment, but there was none

Board Member Putnam moved to adjourn. Chairman Spencer seconded the motion, which carried.