

STATE OF MINNESOTA

PRIVATE DETECTIVE AND PROTECTIVE AGENT SERVICES BOARD

MINUTES

November 26, 2013

Location: 1430 Maryland Avenue East, St. Paul, Minnesota

Members Present: Drew Evans, Jim Hessel, Richard Hodsdon, Pat Moen, Steve Wohlman

Members Not Present:

Attorney General Representative: Jacob Fischmann

Agency Staff: Greg Cook, Executive Director

The meeting was called to order at 10:02 a.m. by Evans. The meeting began by a review of the October 29th, 2013 Meeting Minutes. Wohlman motioned to approve, Moen seconded the motion. The motion passed unanimously.

Previous Contingencies Completed:

The following contingent renewals are complete and the agency is requesting that the Board lift the contingencies for these license holders:

- Sedgwick Factual Photo, Inc. (PDC #1049) - Contingency expires 12/1/13
- Empire Investigation & Protective Services, Inc. (PDC #1009): Contingency expires January 2014
- Metro Legal Services, Inc. (PDC #712): Contingency expires January 2014
- LP Innovations, Inc. (PDC #1050): Contingency expires January 2014
- Advanced Private Investigations, Inc. (PDC #629): Contingency expires January 2014

Hessel moved to approve the contingencies; Wohlman seconded the motion. The motion passed unanimously.

Current Contingencies

Cook explained the circumstances of each of the following license holders.

K. Bares & Associates, Inc. (PDC #1001) - Contingency expires January 2014

Cook advised he did get in contact with the license holder. The license holder has been incapacitated due to a car accident and is requesting more time to determine if it will be possible for him to return to work. Cook asked the Board to allow a contingency until January 2014. Moen moved to approve the contingencies; Wohlman seconded the motion. The motion passed unanimously.

- **Sedgwick Per Mar Security and Research Corporation, (PAC #270) - Contingency expires December 2013**
Very large company with a lot of employees. Agency needs more time to review
- **Bruce Sederstrom (PDI #1007) - Contingency expires January 2014**
Awaiting documentation.
- **IPC International Corporation (PDC #639) - Contingency expires January 2014**
Agency needs more time to review. Large company, bankruptcy issues.

- Proulx Professional Research, Inc. (PDC #894): Contingency expires January 2014**
 License holder is an out of state entity. They do not have a Minnesota office, and apparently for some time. They have a registered agent, but need a physical building or virtual office. Working with license holder on the issue. License holder is currently trying to decide if they want to keep their MN License.

Consent Agenda

Cook requested a motion of approval for the following reissuances due in November 2013, as they have provided all materials and had no issues:

Licensee's Presented with Reissuance	Licensee's Presented with Reissuance
Allied Barton Security Services, LLC-PAC #307	Northwest Investigations, Inc. – PDC #386
Northland Investigative & Protective Services, Inc -PDC #465	APS International, LTD – PDC #491
Johnson Security, Inc. – PDC #761	Insite Investigations, Inc. – PDC #871
Dealer Services Group, Inc. – PDC #962	T & E Engineering, Inc. – PDC #968
PT & C Forensic Consulting Services, PA – PDC #998	Fact Investigations, LLC – PDC #1004
Andrews International, Inc. – PDC #1032	P.I. Services, Inc. – PDC #1052
Crash Scene Recon, LLC – PDC #1054	Frasco, Inc. – PDC #927

Wohlman motioned to approve the reissuances, Moen seconded the motion. The passed unanimously.

Renewals With Issues:

The Executive Director asked the Board to determine if the following license holders should be either renewed upon remaining items corrected, granted a contingency and/or have a penalty imposed.

PDC # 867 DECO, Inc.

Upon review of renewal application - 2 issues were identified:

- License holder had a CEO Officer change and did not notify agency. Change took place in May of 2011.
- Conflict with bond. Bond does not match the file. Awaiting clarification.

Cook advised that he is still waiting on clarification for the bond, but asked the board to make a determination on any Board action for the lack of notification when the CEO was changed. Evans asked Cook what the reason was for DECO, Inc not notifying the board of the CEO change and Cook advised he was told the company had overlooked it. Wohlman asked Cook if all other materials were in order for the renewal and Cook affirmed.

Wohlman advised that a \$400 penalty should be assessed. Hodsdon moved for a contingency pending payment of the \$400 penalty and clarification of the bond, Wohlman seconded the motion. The passed unanimously.

PDC #1053 Forensic Specialists and Investigations, LLC

Missing insurance documents from 6/1/2012 – 6/1/2013. License holder was notified and is doing research.

Wohlman inquired if Forensic Specialists and Investigations, LLC had insurance and Cook advised that they are just missing the certificate. Wohlman then asked if Forensic Specialists and Investigations, LLC is researching the issues with the insurance and Cook affirmed. Hessel asked if all other renewal material is in order and Cook affirmed. Hodsdon moved for a contingency pending insurance certificates, Hessel seconded the motion. The passed unanimously.

PDI #929 Warren J. Robinson

Upon review of renewal application - 2 issues were identified:

1. Missing training material from 2011.
2. Conflict with bond.

Working with license holder who informed Cook he is dealing with family medical issues. Cook requested a contingency on the license holder's behalf.

Cook advised the board that the license holder is going through some issues as his wife is ill. The license holder has requested some more time to work on the renewal packet. Hessel moved for a contingency based the situation, Wohlman seconded the motion. The passed unanimously.

Lapsed and Surrendered Licenses:

- Combined Investigative Services, Inc. #566 PDC – Not renewing
- Charles A. Payne & Associates, Ltd. #261 PDC – Not Renewing

The Board addressed the license above that will lapse, but no motion is required for this process.

Training Course & Instructors for Certification

TYPE	PROVIDER	ADDRESS	INSTRUCTORS	COURSE NAME	HRS
Protective Agent Continuing Education	Investigative Resource Group	4550 Central Avenue., #1628, Columbia Heights, MN 55421	Terry Wiggin	Protective Agent Continuing Education Refresher	6 hours

Finding no objections, Hessel motioned to approve, as listed, the training courses. The motion was seconded by Wohlman. The Motion passed unanimously.

Change in License Type:

No applicants or officer changes for review.

Cook stated that a number of applicants are ready for review, but they are having scheduling conflicts.

Penalties:

Cook advised that Kost has completed the full payment of her penalty. The Board acknowledged this.

Request to Speak to the Board

The Complaint Committee requested to table their request of the Board to make recommendations regarding issues with a license holder until January 2014. Wohlman moved to table this issue, Hessel seconded the motion. The passed unanimously.

Anthony Horton (Sentinel Securities Group)/Jesse Kurtz (KIPPS Investigation)

These entities were asked to appear before the Board to explain their actions regarding their business activity.

At this time Anthony Horton of Sentinel Securities Group, and Jesse Kurtz of KIPPS Investigation approached the Board. Fischmann read them the Tennessee Warning explaining the rights of individuals regarding any data submitted at that time and that it can be used against them in a future investigation by both State and Federal agencies. Evans asked both Horton and Kurtz if they understand the Tennessee Warning and they both affirmed.

Cook summarized the situation for the Board explaining that Horton was involved with a business deal involving the takeover of clients from recently revoked license holder Joe Scorzik of Secure Force. Horton was working with Kurtz in forming a partnership so that he could provide security services. Cook stated that he had been communicating with Horton on the matter as Horton was inquiring about how he could operate a business until his application was approved. On July 8th, 2013 Cook sent an email to Horton explaining he would need to get some information from the then attorney general representative. Cook had sent an email correspondence to the attorney general representative at that time, but had not received a reply. Cook stated that this was during a transition of attorney generals assigned to the Board. On October 30th, 2013 Cook received information from another license holder that Sentinel was continuing to operate and provide security services to several clients. Cook referred to the documentation provided to the Board that included research encompassing a comprehensive website for Sentinel advertising for security services, a Minnesota Secretary of State business registration listing Sentinel Securities Group with the name holders listed as Anthony Horton and Jesse Kurtz. Cook further noted that he had several conversations he had with one of Sentinel's clients confirming Sentinel was still providing security services. Cook noted that the website was still active as of the current date.

On November 1st, 2013 Cook notified Horton and Kurtz that what Sentinel was doing was unlicensed activity and to cease and desist. On November 4th and 8th Cook verified that Sentinel was continuing to provide security services. Horton confirmed that information.

Horton explained that his intent was to take over Secure Force, LLC and continue operations under Sentinel Security. Horton advised that he had reached out to Cook to start the application process and then approached Kurtz about partnering with KIPPS Investigation to work under that license until Horton could become licensed.

Cook explained that the only way one can work under a license holder's license was to be an employee of that license holder. As such, employees per statute need, among other things, to be background checked, receive proper training, are on the payroll of the license holder, and have workers compensation provided by that license holder. Cook noted without obtaining a license the agency can't verify that such criteria is met. Kurtz explained that this was an opportunity of a lifetime for Horton and if he could not continue operation then the business would go under so he agreed to partner with Horton. Kurtz explained that he and Horton contacted Executive Director Cook to ensure that they were working within the limits of the Board. At this time Kurtz questioned the board about what the two individuals should do to ensure the legality of their partnership.

Evans inquired if Horton is currently seeking a license and Horton affirmed. Evans asked for clarification as of the nature of the relationship between the two licenses. Horton explained that he had been operating as Sentinel Securities Group, under the KIPPS Investigation License. Wohlman stated this was not the correct way to operate a security business. Wohlman inquired if Horton, or any other guards, are providing armed services; Horton confirmed they were. Wohlman asked how many armed guards were operating and he advised there were 7. Cook noted that with armed guards there are additional training requirements.

Kurtz then advised that the issues with their business activity took them by surprise and stated that nothing was done intentionally but that they need to know what to do to move forward. Horton also stated that he thought he was OK to operate and apologized for this misunderstanding. Kurtz advised that the way he understood the situation, it was that the PI License states that they can have more than one business under the license. Therefore they were utilizing the KIPPS license and operating with Sentinel as a dba.

Cook inquired about the website stating that it displayed Sentinel Security as being founded in 2012 and a badge on the website stated 'since 2002'. Horton stated that the badge was general graphics he had used to create the website and that Secure Force had been in business since 2002. Horton also advised that the 'founded in 2012' was used because that was when he began to work on purchasing the company and came up with the name Sentinel Security for when he eventually took over the business. Cook went on to explain that the web page stated that it had never lost a permanent client. Cook then questioned Horton on whether Sentinel

had any clients at the time. Horton answered that the business did. Cook inquired about Horton's current clients and Horton advised there are 6 total clients.

Cook then addressed the Board about the uniqueness of this situation and advised that he would like the Board to offer some guidance. Cook expressed concern that the employees of Sentinel were operating without proof of proper training, background checks and workers compensation. Horton answered that the business did have a worker compensation policy. At this time Cook asked Kurtz why he had not notified the Agency about the partnership between Sentinel Securities and KIPPS Investigation. Kurtz stated that he thought Horton's communication was enough. Wohlman then explained that as the license holder Kurtz was responsible for contacting the Board regarding such changes. Kurtz affirmed that he understood.

Cook then asked Horton to clarify that he had received the November 1st notice from the agency stating that unlicensed activity was occurring and why he still maintained a website under the Sentinel Securities Group. Horton confirmed that he had received the notice and stated that the website needed to be updated. Cook then expressed concern that the employees of Sentinel were operating without proper training as well as a lack of workers compensation. Horton answered that the business did have a worker compensation statement.

Wohlman then inquired 'about the State of Minnesota' being listed on the badges his employees carry. Horton confirmed that the badges did display State of Minnesota on them. Wohlman informed Horton that having Minnesota listed is a violation and asked if he was aware of that. Cook informed Horton that it is a violation to represent any government agency.

Horton explained that he was just looking for a solution until he could get licensed and that he was just trying to continue employment. Kurtz added that Horton had tried to move through the appropriate channels, but that the timeframe for getting licensed was too long and that Horton was concerned about the length of the time of unemployment. Kurtz stated that neither he nor Horton had intended to violate any laws and that they welcome this opportunity to come before the Board because it is a learning experience. Evans then asked whether the Sentinel Securities Group webpage made any mention of the partnership with KIPPS. Horton answered that the site did not mention the partnership.

Hodsdon inquired if Sentinel had its own tax ID number and Horton affirmed. Hodsdon then explained that his worry is not with KIPPS; his worry is that Sentinel is operating and advertising as a free standing company without a license. Hodsdon inquired if Sentinel was also insured under KIPPS, and Kurtz stated that Sentinel has insurance coverage though its own agent. Evans asked if there is one policy with Sentinel as a dba, or if there are two policies in the name of each business. Kurtz confirmed that Sentinel is insured under its own policy. Evans went on to explain that the purpose of licensing is for consumer protection and that Sentinel and KIPPS are two totally different entities presumably operating under one license which completely degrades the purpose of licensing. Horton then stated again that they filed the dba for Sentinel Securities Group under the License of KIPPS. Evans explained these two companies are different entities and the relationship was for business and not licensing purposes. Therefore, it is not compliant simply having a dba listed under a license. Evans stated that he understands that licensing process is a lengthy one but that it has a purpose and should not be circumvented.

At this point Cook questioned whether Horton or Kurtz had sought legal advice on the matter. Kurtz explained that they had not because they were relying on the Board to give them direction. Fischmann noted that it is not incumbent upon the Board to provide legal advice and they should seek their own legal counsel. Kurtz replied that they were not looking for legal advice; just direction. Wohlman advised that they should have come before the board prior to Sentinel starting operations; Kurtz replied they thought they were doing everything right. Kurtz then stated that they had not intended to violate any statutes, and that he intends to fix the situation. Kurtz stated that he has uniforms already in place for all Sentinel's employee's with the KIPPS logo and that he will make sure no services are provided under the name Sentinel until Horton is licensed if that is what needs to be

done. Evans noted that business matters should always be discussed with counsel because it helps avoid situations like this.

Wohlman asked if there was an application into the Board from Horton for Sentinel. Cook stated that he had sent Horton an application packet, but he had not received it back completed yet. Horton advised he was working on the application but that he is waiting for proof of his hours worked so he can prove he is qualified for the license. Hessel inquired about Horton's hours and asked if he has enough to qualify. Horton stated he has 14,000 hours.

Wohlman expressed that there are serious issues here, but asked the Board how they should deal with it. Cook confirmed again that he had notified Horton and Kurtz that what they were doing was unlicensed activity and needed to cease and desist, but they continued to operate. Wohlman advised that unlicensed activity is criminal activity and would need to be investigated. Hodsdon confirmed that the Board has no jurisdiction over Sentinel Security at this point as the agency only regulates license holders. Hodsdon also stated the Board does have jurisdiction over KIPPS but they are not operating illegally. Cook clarified again with Horton and Kurtz that what they were doing was unlicensed activity and they needed to cease and desist until proper licensing was completed. Wohlman confirmed that per the statutes that regulate the industry unlicensed activity was a gross misdemeanor.

Evans asked if there were any closing comments; there were none.

Other Issues and Discussion:

The Lt. Governor's office is requesting that the MNBPD expedite the processing of applications for veterans.

Cook advised that this was a topic he would like to discuss with Fischmann, and that he was also looking for direction from the Board. Fischmann noted that he does not find any legal precedent on the matter. He then explained that the statutes stated that an application must be processed within four months, unless the agency is experiencing an excessive workload. Hodsdon pointed out the agency does not inquire on veteran status, and that the agency is not supposed to collect private data on licensees. Hodsdon then stated that the conflict of these two points might interfere with the practicality of applying this preference. Cook then stated that many of the applicants are veterans, and if they continually placed veterans in the front of the line, those near the bottom of the queue may consistently be surpassed. Cook also explained that he had inquired to the Lt. Governor's office on the different agencies they stated have initiated this process, but is still awaiting a response. Wohlman stated that he thought that the agency should carry on as they have been in terms of applications. Cook stated he will continue to gather information on the subject and keep the Board informed.

Need to pick a December meeting date:

Cook explained that the holidays in the month of December posed a conflict with scheduling the Board meeting. Cook asked what the board wanted to do on the matter. Hessel stated that the Board could move the meeting to Monday December 30th 2013. The Board agreed to move the meeting to Monday December 30th 2013 at 10:00am.

Discussion Regarding background investigations of applicants:

Cook explained that he was concerned with the current process regarding criminal background checks of the applicants. Cook stated that the problem was that the background checks currently run by the agency only cover offenses committed in Minnesota. Cook explained that he is concerned about how any crimes committed outside of the state of Minnesota are not made visible to the Agency. Cook stated that this is a potential concern for public safety and consumer protection. Hodsdon stated that federal checks could be done pending Licensee consent. Hodsdon then stated that federal checks would also include predatory offenses and how critical that might be for public safety. Cook, Fischmann, and Wohlman have set up a meeting with BCA records personnel to try and find a solution.

Registration of license holders with the MN Secretary of State (Tabled from October 2013 meeting):

Cook explained that the statutes do not mandate registration with the office of The Secretary of State. Cook asked how the Board would go about mandating this action. Evans stated that he believed that a Rule change would be required in order for this to be achieved. Hodsdon then pointed out that the license fee could be increased for those who are not registered. Hodsdon continued to state that it would be a simple rule change to implement this change, since the board does have authority to control licensing fees. Cook explained his concern with this idea since the state is the 3rd highest in the nation for licensing fees. Wohlman pointed out that it is for the license holder's benefit to be registered, because it protects the ownership of the business name. Cook asked whether there is a consumer law mandating registration. Fischmann explained that he thinks that there is such a law, but that the issue at hand is whether it is required for applicants of the board.

Consumer protection Issue: National firms using MN license holders contact info.

Cook explained the situation where out of state firms not licensed in Minnesota list MN license holders as a Minnesota office. These firms then list their own number down as a contact. Cook explained that in doing this these companies first obtain the client, then subcontract the work of these cases back to the license holders and pay them a lesser rate. These companies do not pay sales tax; there is no verification of statutory requirements. Cook wanted to bring this up in order to educate the license holders as well as the general public. With no other items left to be discussed at this time, Wohlman motioned to adjourn the meeting; the motion was seconded by Hessel. The meeting adjourned at 11:45 a.m.

Daniel Seman – Avalon Fortress, LTD

Daniel Seman came before the Board with a legal representative, Adam Huhta, from Huhta Law Firm as well as Charles Thibodeau from C.T. Thibodeau & Associates. Fischmann advised them of the rights governed by the Tennessee Warning and asked if there were any questions. Thibodeau asked what would be the consequences if Seman refused to answer a question and Fischmann advised that Seman had requested to come before the Board, the Board had not requested Seman to be present. Therefore, there was no active investigation taking place and Seman would not be required to speak at all if he chose not to.

At this time Cook gave a brief explanation of the situation and advised that he is looking for the Board to determine what the status of the license is for Avalon Fortress, LTD license #340. Cook advised that Seman had been the owner of Avalon Fortress, LTD, but he sold the company to Sarah Gordon on August 17th, 2012. Cook advised that Gordon had sent the agency a letter on October 26th, 2013, but the letter did not state when the sale took place. Upon receiving the letter Cook attempted to make contact with Gordon but was unable to make contact. Cook was notified of the actual sale date by Seman on November 4th, 2013 –more than a year after it had occurred.

Seman stated that when he sold the company to Gordon he advised her to notify the Board, and was not aware until now that she has not done so. Cook advised that a recent letter from Gordon's attorney stated that as of 11/16/2013 Gordon had closed the business and stopped all operation and had informed clients and employees of Avalon Fortress, LTD. Seman stated that he has not heard from, or spoken to, Gordon in approximately 4 months.

Seman advised he is in the process of starting a new company, Avalon, Inc. which he will use to continue to service a few of his old clients. Wohlman asked Seman if Avalon, Inc. is licensed and Cook advised that the application was given to him during the Board meeting. Huhta, Seman's legal representative, advised that Avalon, Inc. has not been providing security services. Huhta confirmed that Avalon Fortress, LTD just shut down and the final payroll was done on Monday. Huhta advised that they understand the application queue but

would like some guidance as to how to move forward as soon as possible. Cook cited ethical concerns and advised that he cannot put Seman's application ahead of any other application in the queue as it would not be fair to those who have been patiently waiting sighting ethical concerns with doing so. Huhta advised their main goal with the holidays coming up is to prevent the employee's from being out of work. Evans advised that he appreciates their understanding but the situation was a business decision made by Seman and it does not have anything to do with any of the Board's decisions.

Wohlman addressed Seman at this time and asked him if he was still the Qualified Representative after the sale of Avalon Fortress, LTD. Seman affirmed. Wohlman then asked Seman why he had not notified the Board of the sale. Seman advised that Gordon said she would handle it. Wohlman restated that notification of a sale is the Qualified Representative's responsibility. Seman agreed.

Cook then addressed the fact that Avalon Fortress, LTD had been registered with the Secretary of State on November 24th, 2010 but was not licensed until 2012. Cook asked if the company was in business prior to licensing and Seman stated the company did not conduct any business prior to the licensing. Cook asked Seman about another listing he had found on the Secretary of State website named 'Avalon Fortress Services.' Seman stated this is a former employee who is trying to continue business using the company name.

Wohlman inquired why Seman sold Avalon Fortress, LTD. Seman stated that he had been forced to file bankruptcy due to the collapse of the economy. When asked what Sarah Gordon's position was with the company Seman stated that she was his administrative assistant. Seman stated that he had been experiencing some illnesses and if something were to happen he wanted Gordon to continue with the company. Cook inquired if there were any liabilities at the time of the sale and Seman stated there were none.

At this time Cook addressed the Board looking for a determination as to the status of Avalon Fortress, LTD license #340. Cook inquired if it should be listed as lapsed or revoked. Cook stated that the renewal would be due May 2014 but due to the sale of the company he questioned if the company was a legal entity and Wohlman affirmed it was not because the license was forfeited when the company was sold without properly notifying the agency. Hodsdon advised that Cook should request Gordon to surrender the license. Evans agreed that Cook should send communication to Gordon requesting she surrender the license.

Wohlman inquired what Seman had done with his original license #133 and Cook advised that he was not able to locate it, that this had occurred during the Executive Director transition period, and the license would have lapsed. Seman asked if he can continue business under the license then, and Wohlman advised Seman that even though he may be listed as the Qualified Representative the license is in the company's name, Gordon owns the company, and she is ceasing operations.

Cook again requested clarification from the Board on how to handle the situation. Hodsdon reiterated that Cook should request Gordon to surrender the license and Seman can move on with his new business. At this time Hodsdon inquired one last time if Avalon Fortress, LTD was providing any services and Seman advised they were not. Hessel asked how many employees' there were at the time the business closed. Seman stated there were 45 employees but that approximately 1% of those employees were conducting licensable activity, the rest were mainly doing consulting and other related services. Hessel asked if all employees were currently out of work and Seman affirmed.

At 11:42 am Wohlman moved to adjourn the meeting, Hessel seconded. The motion passed unanimously.

The next meeting is scheduled for Monday December 30, 2013 at 10 a.m.