

MINUTES
OF THE
NORTH CAROLINA ALARM SYSTEMS LICENSING BOARD

DATE: November 16, 2017

TIME: 9:00 A.M.

PLACE: Holiday Inn Raleigh North
Raleigh, North Carolina

SUBMITTED BY: Brian Jones
Director

MEMBERS PRESENT:

Ralph Gregory
Jim Crabtree
Larry Proctor
Courtney Brown

MEMBERS ABSENT:

John Walsh
John Sherbin

STAFF PRESENT:

Director Brian Jones
Attorney Jeff Gray
Investigator Melvin Turner
Investigator Ronnie Broadwell
Deputy Director Phillip Stephenson

Board Secretary Cynthia Anthony

VISITORS:

Derrick McKinnon
Dawn High
Lisa Hylan
Steve High
Larry Blumenfeld
John Sorrell
Dan Singleton
Tommy Whisnant
Denice Childress
Aaron Hughes
Phillip Wells
Sheila Yates
Jennifer Baratta
Mark Smith

Raynor Smith
Anita Surratt
Julie Hale
Shawn McIlroy
Janet Hall
Sarah Gillian
Hannah Abernathy
Dorian Dehnel
Jeff Beasley
Lina Lindberg
Brian Smith
Darwin Smith
Brian Luffman
James Dunn-Jarvis

Stephen Adams
Jason Legg

William Beacon
Marc McCates

The November 16, 2017 meeting of the North Carolina Alarm Systems Licensing Board was called to order by Chairman Gregory at 9:00 a.m.

In accordance with the State Ethics Law, Attorney Gray read the following information. "It is the duty of every Board member to avoid both conflicts of interest and appearances of conflict. If any member has any known conflict of interest or appearance of conflict with respect to any matter coming before this Board today, please identify the conflict or appearance and refrain from the deliberation and vote in that matter."

Mr. Gregory welcomed all guests.

MR. JIM CRABTREE MADE A MOTION TO APPROVE THE SEPTEMBER 21, 2017 BOARD MEETING MINUTES. SECONDED BY MR. LARRY PROCTOR. MOTION CARRIED.

Mr. Gregory gave the Grievance Committee report. Mr. Gregory and Mr. Crabtree met as the Grievance Committee on November 15, 2017 from 9:12 a.m. to 12:43 a.m.

MR. JIM CRABTREE MADE A MOTION TO APPROVE THE GRIEVANCE COMMITTEE REPORT. SECONDED BY MR. PROCTOR. MOTION CARRIED

Mr. Gregory gave the Screening Committee report. Mr. Jim Crabtree served as chair of the screening committee.

MR. BROWN MADE A MOTION TO APPROVE THE SCREENING COMMITTEE REPORT AS PRESENTED. SECONDED BY MR. PROCTOR. MOTION CARRIED

FINAL AGENCY DECISION

17 DOJ 05846 –David Lee Koger - This contested case was heard before Administrative Law Judge Stacey B. Bawtinhimer on October 24, 2017 in Raleigh, North Carolina. The issue was whether or not grounds exist to suspend or revoke the alarm registration of Mr. Koger for the conviction of a crime involving moral turpitude as evidenced of being convicted of Impersonating a Law Enforcement Officer. Mr. Koger was present.

BREAK: 9:55 a.m.

RECONVENE: 10:00 a.m.

MR. JIM CRABTREE MADE A MOTION TO CONTINUE THIS CASE TO THE JANUARY 18, 2018 BOARD MEETING IN ORDER TO ALLOW MR. KOGER TIME TO PROVIDE SUPPORTING DOCUMENTATION THAT SHOWS HE WAS NOT CONVICTED OF THE RESISTING PUBLIC OFFICER, CASE # 15CR 052432 OR

THAT SHOWS THIS CASE HAS BEEN EXPUNGED FROM HIS RECORD. IT WAS NOTED THAT MR. KOGER CAN STILL WORK. SECONDED BY MR. BROWN. MOTION CARRIED WITH MR. PROCTOR VOTING “NAY”.

17 DOJ 05556 –Stanley Lewis Huffstetler IV- This contested case was heard before Administrative Law Judge Donald W. Overby on August 29, 2017 in Raleigh, North Carolina. The issue was whether or not grounds exist to revoke the burglar alarm license for Mr. Huffstetler for numerous violations of the Board’s law and rules arising out of two complaints. Mr. Huffstetler **was not** present.

MR. JIM CRABTREE MADE A MOTION TO REVOKE THE BURGLAR ALARM LICENSE AND COMPANY BUSINESS LICENSE FOR MR. HUFFSTETLER. SECONDED BY MR. PROCTOR. MOTION CARRIED. IT WAS NOTED THAT MR COURTNEY BROWN RECUSED HIMSELF FROM VOTING IN THIS MATTER.

SPECIAL REPORTS AND PRESENTATIONS

Mr. Larry Proctor gave the continuing education report.

1. Home Security & Technological Advancements The committee recommends approval for 3 CEU’s for this course.
2. Interlogix NX Series Control Panel (renewal)-The committee recommends approval for 6 CEU’s for this course.
3. Alarm Systems Business Licensing & Registration required (ASLB 02-064) (renewal)-The committee recommends approval for 3 CEU’s for this course.
4. Net Connect- The committee recommends approval for 2 CEU’s for this course.
5. 2GIG GC2 Certified Tech Training-The committee recommends approval for 4.5 CEU’s for this course.
6. 2GIG Vario Certified Tech Training-The committee recommends approval for 4.5 CEU’s for this course.
7. Linear ProControl Certified Tech Training-The committee recommends approval for 4.5 CEU’s for this course.
8. E3 Series Certified Tech Training-The committee recommends approval for 4.5 CEU’s for this course.
9. 2GIG GC3 Certified Tech Training - The committee recommends approval for 4.5 CEU’s for this course.
10. 2GIG GC2 and GC3 Certified Tech Training- The committee recommends approval for 6 CEU’s for this course.
11. Closing Techniques to Effectively Close the Deal - The committee recommends approval for 1 CEU for this course.
12. Asking the right Questions to Identify your Clients Needs - The committee recommends approval for 4 CEU’s for this course.
13. Approaching a New Client-Laying the Groundwork- The committee recommends approval for 1 CEU for this course.
14. Basic Networking for Installing & Sharing Recorders – The committee recommends approval for 2 CEU’s for this course.

15. Thermal Cameras-Concepts and Applications -The committee recommends approval for 2 CEU's for this course.

MR. CRABTREE MADE A MOTION TO APPROVE THE COURSES AS PRESENTED. SECONDED BY MR. COURTNEY BROWN. MOTION CARRIED

UNFINISHED BUSINESS

None

OLD BUSINESS

None

NEW BUSINESS

None

DIRECTOR'S REPORT

Mr. Brian Jones presented the written report and advised as of October 31, 2017, the Alarm Board's fund balance was \$714,134.60. The Education Fund balance was \$67,829.47. As of October 31, 2017, the Board has 906 licensees and 8056 registrants.

Mr. Jones stated as a result of unbudgeted expenses from the previous fiscal year (which were not paid until the current fiscal year), a decrease of at least \$37,580 to the fund balance is anticipated. This amount reflects the document archival project. This does not include a related pending invoice for services already rendered by Permittium (\$11,891.87). Also, it also does not include a quote by Permittium for current and projected needs over the next six months (400,000 individual pages), which will cost approximately \$23,000. Staff members are in the process of addressing a reimbursement backlog pursuant to internal audit recommendations.

Mr. Jones gave a staffing update. Phillip Stephenson was appointed as the new Deputy Director. The Field Investigative Supervisor position and the Processing Assistant position in registration will be filled in the near future. Also, additional temporary staff will be brought on to help decrease the size of the backlog. Mr. Jones also noted that he was exploring the potential to provide overtime compensation to existing employees, which may reduce the demand for temporary employees and promote greater efficiency.

The initial phase of Permittium, which will allow online registration, was implemented on November 1, 2017. Newsletters detailing the initial process were mailed to industry stakeholders on October 12th and have also been posted on the website. Addressing the registration backlog and transmitting the information from PPS2000 to the new Permittium system have presented challenges. Permittium continues to resolve issues and has been responsive to requests and inquiries.

The Educational Grant policy application period will open November 17, 2017 and close January 16, 2018. The information will be posted on the website. The Educational Committee can then consider those applications at the January 2018 meeting.

Mr. Gregory stated that the Board may need to consider increasing the fees because of the negative operating costs decline trend and the cost of processing applications.

Mr. Jones stated that Mr. Dorian Dehnel with CriminalRecordCheck.com (CRC) has encountered individuals that have lived in other states through the address history received but not disclosed. The company has the option to decline the record if it is not part of the original order. Mr. Jones requested guidance from the Board concerning this matter because the Board may want to know if there is a criminal history in other states.

MR. CRABTREE MADE A MOTION TO ADOPT A POLICY THAT THE COMPANY IS REQUIRED TO PAY THE FEES ASSOCIATED WITH THE CRIMINAL RECORD CHECKS RELATIVE TO ADDRESSES IN DIFFERENT STATES. SECONDED BY MR. PROCTOR. MOTION CARRIED.

MR. PROCTOR. MADE A MOTION TO ACCEPT THE DIRECTOR'S REPORT AS PRESENTED. SECONDED BY MR. BROWN. MOTION CARRIED.

Mr. Gray stated that the Board is at the statutory maximum for the initial application fee; there is a little leeway for the biennial licensing fee. The Board is able to increase it from \$375.00 to as much as \$500.00 by administrative rule.

ATTORNEY'S REPORT

I. CONSENT AGREEMENTS & CIVIL PENALTIES

1. On July 21, 2016 **Andrew Edward McColgan, Jr. /Magnum Security** entered into a Consent Agreement with the Board in the amount of \$2570.40 for registration violations. The Agreement was signed by the QA on August 17, 2016. **Payment has not been received**
2. On January 19, 2017 **Nathan Taylor/Taylor Control Systems** entered into a Consent Agreement with the Board in the amount of \$6242.40 for registration violations to be paid in three monthly installments. The Agreement was signed by the QA on July 20, 2017. **Payment has been received (PAID IN FULL).**
3. On September 20, 2017 **Daniel Carl Hagerty/AVSX Technologies** entered into a Consent Agreement with the Board in the amount of \$2570.40 for registration violations. The Agreement was signed by the QA on October 18, 2017. **Payment has been received (PAID IN FULL).**
4. On September 20, 2017 **Malcolm Thomas Chandler Jr. /First Security Services** entered into a Consent Agreement with the Board in the amount of \$5140.80 for registration violations. The Consent Agreement Worksheet was signed by the QA at Board meeting on September 20, 2017. **Payment has been received (PAID IN FULL).**

5. **Kenneth Franklin Jones/Sentry Security System (Screening)** entered into a Consent Agreement with the Board in the amount of \$765.00 for unlicensed activity. The Agreement was signed by the QA on October 30, 2017. **Payment has been received (PAID IN FULL).**
6. **Randy Columbus Rich Jr. /AMSURV LLC (Screening)** entered into a Consent Agreement with the Board in the amount of \$1530.00 for unlicensed activity. The Agreement was signed by the QA on October 16, 2017. **Payment has been received (PAID IN FULL).**

II. OFFICE OF ADMINISTRATIVE HEARINGS

See, Hearings List (attachment 1.)

III. RULES

a. At the Board's May 25th meeting the Board approved the rule amendments necessary to implement its decision to require all applicants to utilize the Board's third party vendor for criminal history records checks. The Notice of Text for these proposed amendments was filed on June 19, 2017 and the Public Hearing was held July 19, 2017 at the Board's Raleigh office. The public comment period expired September 1, 2017. No oral or written comments were received. These rule amendments were approved at the Board's September 21, 2017 meeting and have been calendared for the November 16, 2017 Rules Review Commission meeting. If approved, they will become effective December 1, 2017.

b. During a special Board meeting via telephone conference call on July 6th, the Board approved two minor rule amends to effectuate electronic payment in anticipation of the Permittum on-line application process. The Notice of Text for these proposed amendments was filed July 7, 2017 and the Public Hearing was held September 7, 2017 at 2:00 p.m. at the Board's Raleigh office. The public comment period expired October 2, 2017. No oral or written comments were received. A copy of these rules were attached to the Attorney's Report. Mr. Gray advised that a vote to approve these rules is necessary today.

Once approved, these rules will be calendared for the December 14, 2017 Rules Review Commission meeting and if approved, will become effective January 1, 2018.

c. The Board's administrative rules subject to the Periodic Review of Rules were considered at the Rules Review Commission's August 17, 2017 meeting. They were approved. Mr. Gray's associate, Maggie Craven, has started the readoption process. The Rules Review Commission approved the Board's Readoption Timeline at its October 19th meeting. A copy of the timeline, with dates and deadlines was attached to the Attorneys'

Report. Mr. Gray advised that a vote to approve these rules to begin the readoption process is necessary today.

IV. At the May, 2017 Board meeting there was a discussion regarding increasing participation in the grant program for the use of Education Fund monies to educate and train members of the industry and others. Mr. Gray presented a draft policy or guidelines regarding the same topic that was considered by the Private Protective Services Board and adopted at its June 2017 meeting. The Board asked that Mr. Gray work with Chair Gregory to develop and prepare a similar policy or guideline for it. A draft of such a policy was provided at the July Board meeting. The Board Chair tabled any consideration to allow the Board members an opportunity to review it. It was reviewed at the Board's September 21, 2017 meeting and approved with changes. The final version was attached to the Attorney's Report.

V. LEGISLATION

a. Currently, the Board has no legislation pending. At its March meeting the Board voted to approve the rewrite of Chapter 74D and seek introduction of a bill in the General Assembly. To date, the bill has not been introduced and the bill introduction deadline has passed. The legislature has adjourned until August 3rd. Changes to the Private Protective Services Board's statutes, Chapter 74C, had been introduced as House Bill 566 and Senate Bill 634. Representative Jon Hardister, the Primary Sponsor of HB 566, had originally advised he would amend HB 566 to "roll in" the requested changes to Chapter 74D. A Proposed Committee Substitute was prepared but Representative Hardister later chose not to do so in hopes of getting HB 566 passed before adjournment in June. (House Bill 566 passed the House Judiciary I Committee, the House Finance Committee, and was approved by the full House. It was assigned to the Senate Committee on Rules, Calendar and Operations of the Senate.) To date, no bill has been introduced or amended to effectuate the Alarm Board's requested changes.

b. While DPS's Legislative Liaison and the Board were attempting to have the 74D rewrite rolled into HB 566, the lobbyist for one of the Board's licensees had two provisions of the rewrite inserted into a "regulatory reform" bill, SB 16. This bill passed during the first reconvened Session of the legislature on August 4th, but subsequently vetoed by the Governor. On October 5th the House voted to override the veto and the two provisions of SB 16 became effective immediately. Mr. Gray e-mailed a copy to the Board after the veto override, but another copy was attached to the Attorney's Report.

VI. BOARD MEMBER CLASSIFICATION ISSUE

At the request of the Board, Mr. Gray wrote Dr. Linda Combs, State Controller, regarding the issue of the recent change in classification of Board members to

“employees” for purposes of their *per diem*. A copy of Mr. Gray’s letter was attached to the Attorney’s Report.

Mr. Gray received a very quick response and had a lengthy telephone conference with Jennifer Pacheco of the State Controller’s Office. She first explained that although it is still on the statute books, a footnote in an IRS Publication (#963, Federal and State Reference Guide) overruled North Carolina’s (and other states’) Section 218 Agreement. The FICA tax withholding exemption for boards, commissions, councils and committees appointed by the Governor or General Assembly was taken away and the State of North Carolina’s failure to comply with Publication 963’s note was picked up in a “classification audit” (and not a “payment audit”). Dr. Combs also acknowledged Mr. Gray’s letter by letter dated October 13th. A copy of her letter was also included with the attachment.

VII. At its September Board meeting Mr. Gray was asked to prepare an amendment to the Board’s administrative rules (or Chapter 74B) to include persons who solicit customers door-to-door as an independent contractor, for a referral fee or for a commission in its registration requirements. Mr. Gray suggested that the Board first attempt this through its administrative rules. A proposed amendment to the Board’s definition of “employee” was attached to the Attorney’s Report for the Board’s consideration.

VIII. FINAL AGENCY DECISIONS

1. Stanley Lewis Huffstetler, IV (*see*, attachment 8.)
2. David Lee Koger (*see*, attachment 9.)

MR. JIM CRABTREE MADE A MOTION TO ACCEPT THE RULE AMENDMENTS ON ATTACHMENT 2 (14B NCAC 17.0203 (a)(b) AND 14B NCAC 17.0302 (a)(b)) OF THE ATTORNEYS REPORT AS PRESENTED. SECONDED BY MR. BROWN. MOTION CARRIED.

MR. COURTNEY BROWN MADE A MOTION TO ACCEPT THE TIMELINE OF READOPTION OF RULES (ATTACHMENT 3 OF THE ATTORNEYS REPORT) AS PRESENTED. SECONDED BY MR. PROCTOR. MOTION CARRIED.

MR. JIM CRABTREE MADE A MOTION TO ACCEPT THE RULE CHANGE ON ATTACHMENT 7 (14B NCAC 17.0103, SUB PARAGRAPH 13) OF THE ATTORNEYS REPORT AS PRESENTED. SECONDED BY MR. PROCTOR. MOTION CARRIED.

MR. COURTNEY BROWN MADE A MOTION TO ACCEPT THE ATTORNEY’S REPORT AS PRESENTED. SECONDED BY MR. CRABTREE. MOTION CARRIED.

GOOD OF THE ORDER.

The next NCESA meeting is November 16, 2017 at 1:00 pm.

**MR. CRABTREE MADE A MOTION TO ADJOURN. SECONDED BY MR. PROCTOR.
MOTION CARRIED.**

Meeting Adjourned: 11:05 a.m.

Brian Jones
Director

Cynthia Anthony
Reporter