



## **\*\*NEW REQUIREMENTS FOR PRIVATE INVESTIGATORS\*\***

### **FREQUENTLY ASKED QUESTIONS**

In 2024, Governor Newsom signed SB 1454 into law. This new law mandates that all agreements entered into by a California licensed private investigator be in writing and include various components.

These new requirements are specified in Business and Professions Code (BPC) section 7524 and go into effect on July 1, 2025.

To assist private investigators in implementing the new requirements, the Bureau has put together a list of frequently asked questions and answers.

#### **1. Does EVERY agreement have to be in writing?**

All services provided by a private investigator licensee must be in writing, the scope of which may be defined pursuant to BPC section 7574, subdivisions (a)(4) and (a)(7). This agreement can take into consideration the parties working relationship and circumstances of the investigation or services to be provided, as long as the parties adhere to all other requirements of BPC section 7524.

#### **2. Will all the costs associated with the investigation, such as outside services and databases, need to be outlined in the agreement?**

Subdivision (a)(4) requires a description of the scope of the investigation or services to be provided, which includes all labor, services, and materials to be provided for the scope of work pursuant to subdivision (a)(5). Additionally, subdivision (a)(6) requires an explanation of the fees agreed upon by the parties, including a breakdown of how the fees are assessed by the licensee.

#### **3. May a client and licensee agree that an “approximate completion date” is the date upon which an action or event takes place, such as the photo is taken, or the record is obtained?**

Subdivision (a)(3) requires the client service agreement include the “approximate start and completion dates of the work to be provided” and (a)(7) allows the parties to agree to any other matters, which would allow the parties to determine when the date upon which an action or event takes place.

#### **4. Does the “labor, services, and materials to be provided for the scope of work conducted by the private investigator” include the licensee’s employees (who are working under the private investigator’s license) and contractors?**

Yes, if the private investigator has employees who will be working on the investigation, that information needs to be included in the agreement pursuant to subdivision (a)(5). This provision does not prohibit the contract from including a general statement describing the work of employees if the explanation of the fees agreed upon includes a breakdown of how the fees are assessed in accordance with subdivision (a)(6). Any use of contractors or outside services would need to be included in the scope of work and include a breakdown of how the fees are to be assessed.

- 5. Can the possible extensions of work anticipated be included in the primary contract, with email communications with client as the case progresses to act as notification and acceptance of continuing work, or does this need to be in a dedicated document addendum to the contract?**

Subdivision (a)(3) requires the contract include the approximate start and completion dates of the work to be provided. Subdivision (b) requires that any amendment, addendum, or other modification to an initial client service agreement shall be in writing and is still subject to the original requirements and any amendment, addendum, or other modification shall include a description of the changes to the scope of work, start and completion dates, method of delivery, fees to be charged, and other matters agreed upon in the initial client service agreement, as applicable. Neither provision prohibits the use of email communication to act as notification and acceptance of continuing work as long as it includes a description of the changes to the scope of work, start and completion dates, method of delivery, fees to be charged, and any other matters agreed upon in the initial agreement, as applicable.

- 6. How must an agreement address expenses to be incurred during the course of the investigation when they are unknown and cannot be identified at the time of the agreement?**

The statute does not prevent parties from entering into an agreement addressing unknown and yet-to-be identified costs. Such agreement between the parties can be reached pursuant to subdivision (a)(7), which provides that an initial client service agreement shall contain “any other matters agreed upon by the parties.” Furthermore, if the parties agree to any amendment, addendum or other modification to the initial client service agreement, the terms shall be in writing pursuant to subdivision (b).

- 7. If the other party to the investigation refuses to sign a contract or retainer agreement (as some busy attorneys might be inclined to forgo), will the licensee be in violation, even though they offered one to the client?**

Yes, the licensee would be in violation of BPC 7524, subdivision (a) and 7524, subdivision (c)(3) and their license would be subject to disciplinary action pursuant to BPC 7561.1 and/or 7563.

- 8. How will issues of attorney client privilege be addressed when the client or the attorney refuses to waive the privilege in order for reports to be produced, or the complainant is an entity that does not have the privilege, such as a consumer, other attorney, or the Bureau?**

The attorney-client privilege and attorney work product is already protected by existing law. The law does not address exceptions to the attorney-client or work product privilege.

**9. How may a licensee comply with the requirement to provide a written report to a client who does not want a written report? Can a verbal report meet the requirement to provide a written report?**

The licensee is not required to provide a written report to a client unless agreed upon by both parties and documented in the client services agreement. Subdivision (a)(4) requires each agreement to include a description of the scope of the investigation or services to be provided and indicate whether a written report is to be provided to the client and the agreed upon method of delivery of that written report, as applicable. If the client does not want a written report, it should be noted in the client services agreement.

**10. How will highly classified business trade secrets be addressed, including records from businesses that have defense department security clearances, and other investigations within the high-tech industry, in which release of certain reports could have a severe impact on that business's proprietary trade secret materials?**

Information classified by the federal government is already subject to and protected by federal law. Subdivision (e) does not prohibit the redaction of classified information.