

STATE OF NORTH CAROLINA
COUNTY OF WAKE

IN THE OFFICE OF
ADMINISTRATIVE HEARINGS
22 DOJ 00805

Adam Robert Trantum Petitioner, v. NC Private Protective Services Board Respondent.	PROPOSAL FOR DECISION
---	------------------------------

Administrative Law Judge Michael C. Byrne heard this contested case on April 26, 2022, in Raleigh, North Carolina, pursuant to a request made by Respondent NC Private Protective Services Board pursuant to N.C.G.S. 150B-40.

APPEARANCES

Petitioner: Mr. Adam Robert Trantum, *pro se*

Respondent: Mr. Jeffrey P. Gray
Bailey & Dixon, LLP
P.O. Box 1351
Raleigh, North Carolina 27602

ISSUE

Whether Petitioner's licenses, registrations, and certifications from Respondent NC Private Protective Services Board should be revoked for a period of 12 months based on Petitioner's lack of good moral character and intemperate habits based on multiple allegations of embezzlement or larceny from his employer.

APPLICABLE STATUTES AND RULES

N.C.G.S. 74C-3(a)(6); 74C-8; 74C-9; 74C-11; 74C-12; 14B NCAC 16 .0700.

BURDEN OF PROOF

There is no specific statute setting the burden of proof in cases brought under Article 3A of the North Carolina Administrative Procedure Act. As the petitioner in this case is an existing certification holder, the Tribunal, after considering the factors set out in Peace v. Employment Sec.

Comm'n of N. Carolina, 349 N.C. 315, 328, 507 S.E.2d 272, 281 (1998), allocates the burden of proof in this case to Respondent NC Private Protective Services Board.

Pursuant to N.C.G.S. 150B-41, and upon consideration of all the evidence, including admitted exhibits, testimony of witnesses, and all matters in the record appropriate for consideration, the Tribunal makes the following:

FINDINGS OF FACT

1. Respondent NC Private Protective Services Board (“Board”) is established by N.C.G.S. 74C-1, *et seq.*, and is charged with the duty of licensing and registering individuals engaged in nine professions or occupations defined as “private protective services,” such as the armed and unarmed security guard and patrol business.
2. Petitioner Adam Robert Trantum (“Petitioner”) holds a Security Guard and Patrol license, Armored Car license, Unarmed Guard Trainer certification, Firearms Trainer certification, Long Gun Trainer certification, armed guard registration, unarmed guard registration, and is a Private Investigator Associate.
3. Certain conduct of Petitioner regarding his former employer, Capitol Special Police, was reported to the Board, and the Board investigated those allegations. Petitioner appeared before the Board’s Grievance Committee at its February 2022 meeting. The Committee recommended a 12-month suspension of his various licenses, registrations and certifications, but allowed him to continue as a Private Investigator Associate. The Board accepted the Committee’s recommendation at its February 2022 meeting.
4. Petitioner requested a hearing on Respondent’s revocation of his various licenses, registrations, and certifications.
5. By Notice of Hearing dated March 3, 2022, and mailed via certified mail, Respondent advised Petitioner that a hearing on the revocation of his various licenses, registrations, and certifications would be held at the Office of Administrative Hearings, 1711 New Hope Church Road, Raleigh, North Carolina 27609 on April 26, 2022. Petitioner appeared at the hearing.
6. Upon motion of Petitioner, the witnesses in the hearing were sequestered.
7. Paul Sherwin (“Sherwin”), Director of the Respondent Board, testified that Petitioner holds a Security Guard and Patrol business license, an Armored Car business license, an Unarmed Guard Trainer certification, a Long Gun Trainer certification, an armed security guard registration, an unarmed security guard registration, and is a Private Investigator Associate under the supervision of Private Investigator Ron Mann, Derecho Investigations and Security Consultants. The Security Guard and Patrol and Armored Care licenses are in the name of Petitioner’s own company, ALK Investigations.

8. Mike Matthews (“Matthews”), Qualifying Agent for Petitioner’s employer Capital Special Patrol, contacted Director Sherwin and advised him that Petitioner had been terminated for embezzling money from the company. Mr. Matthews followed up with a written complaint using the Board’s on-line complaint form.
9. Sherwin assigned the complaint to Investigator Ray Bullard (“Bullard”) for investigation.
10. Bullard first interviewed Chief Roy Taylor (“Taylor”). Taylor, who originally helped found Capitol Special Patrol, is now employed in a managerial capacity by a company that eventually purchased the business.
11. Taylor advised that a security guard had damaged a company vehicle and the company’s policy is that the personnel must pay the deductible on the insurance if the person is found to be at fault. In this case, the deductible was \$1,000.00.
12. The security guard declined to have the money taken out via payroll deduction and opted to pay the money in cash bi-weekly. Over an eight-week period, the guard gave Petitioner \$250.00 in cash every two weeks.
13. The guard was questioned about the payments by Officer Mike Caverly (“Caverly”), Company Police Officer for Capitol Special Police and now branch manager of its Charlotte office. Caverly learned that the guard made cash payment directly to Petitioner.
14. Caverly advised Taylor of the situation. Taylor went to the Charlotte office and confronted Petitioner about the cash payments. Petitioner advised that he had deposited the money into his personal account and explained that he was going to use the money to purchase weapons for the business because he could get them cheaper if he paid cash. Taylor terminated Petitioner’s employment. Later, Petitioner returned to the office and gave Caverly \$1,000.00 and two handguns that belonged to Capitol Special Patrol. Officer Caverly issued Petitioner a receipt.
15. Petitioner had also established a “Square” account (an on-line payment app) and was diverting to himself client credit card payments for security services provided by Capitol Special Patrol, as well as credit card payments for carwashes of Capitol Special Patrol vehicles.
16. Capitol Special Patrol does not and has never used a “Square” account to collect payments for security services, only checks and electronic transfers. Petitioner was additionally using Caverly’s Capitol Special Patrol company credit card to pay himself for car washes that were not being performed. Petitioner was never authorized to collect money for security services or carwashes using a “Square” account. Petitioner was not authorized to pay himself to wash company cars.
17. Taylor contacted Charlotte Mecklenburg Police Department to report Petitioner’s

activities.

18. Taylor told Matthews to go to the Charlotte office of Capitol Special Patrol regarding Petitioner's dismissal. Matthews arrived at the office and found a laptop computer belonging to Capitol Special Patrol on Petitioner's desk. The computer was on, and the screen was open. Matthews observed a "Square" account on the laptop. Matthews printed out all of the documents that he could, notified Taylor and Sherwin, and filed the complaint with the Board.
19. Bullard interviewed Jayme Johnson ("Johnson"). Johnson is a residential manager for Ginkgo Residential, LLC. Johnson's name was listed on the "Square" account as paying \$1,500.00 on July 2, 2021, for Capitol Special Patrol security services. Johnson contracted Capitol Special Patrol through Petitioner to provide security at the Arora Apartments in Charlotte for the weekend of July 4th. Johnson paid \$1,500.00 to Petitioner's Square account by credit card for the services. (Res. Ex. 5.) An e-mail exchange between Petitioner and Johnson setting up Petitioner's Square account as a vendor, and a certificate of liability insurance, was located on Petitioner's company laptop and was admitted into evidence as Respondent's Exhibit 4.
20. Bullard interviewed Caverly, who advised that the company used to get car washes at Autobell, but employees were instructed to stop. Capitol Special Patrol at one time had "fleet cards" to purchase gas and carwashes, but the cards expired, and he and Petitioner had to purchase gas using their company credit cards until new fleet cards arrived.
21. Caverly also advised that sometime in July 2021 he overheard Petitioner talking to the accounting department about using Caverly's company credit card to purchase gas and also car washes. That caused Caverly to become suspicious, and he contacted Taylor.
22. Caverly never made any payments to Petitioner through a "Square" account. Caverly never saw his credit card bill and has no knowledge of his credit card being used to pay for car washes until this investigation began. Petitioner did have Caverly's company credit card information.
23. Bullard contacted the Press Box Bar and Grill in Charlotte because it appeared on Petitioner's Square account as paying \$669.50 for security services on June 3, 2021. That company had contracted Capitol Special Patrol, through Petitioner, to provide security for an event. Boyer paid Petitioner's Square account \$669.50 by credit card for the services. (Res. Ex. 6.)
24. Shep Reynolds' ("Reynolds") name appeared on the "Square" account as paying \$800.00 to Petitioner on December 28, 2020, and \$800.00 on June 4, 2021. Reynolds is employed by Crescent Communities, a property management company in the Charlotte area. Investigator Bullard contacted Reynolds.
25. Reynolds asked Capitol Special Patrol to review the business's current security

company. He paid Petitioner's Square account \$800.00 by credit card for the services.

26. In June 2021, Reynolds decided to retain Capitol Special Patrol to provide security. Petitioner provided Reynolds with a contract. Reynolds was required by Crescent Communities to have Capitol Special Patrol established as a vendor in their accounts payable department. Capitol Special Patrol would then be required to submit an invoice for the services that would be forwarded to accounts payable to be paid by check. Reynolds needed Capitol Special Patrol to begin security services before they were established as a vendor. Reynolds, on June 4, 2021, paid Petitioner's Square account \$800.00, again by credit card, for security services.
27. Tracey Hummell's ("Hummell") name appeared on the "Square" account as paying \$5,320.00 to Petitioner on December 29, 2020. Hummell is Chief Operations Officer for Starmount Healthcare. Bullard contacted Hummell, who advised that Starmount contracted with Capitol Special Patrol to provide security at one of its clinics in 2019. Hummell contacted Capitol Special Patrol through Petitioner to provide her with a proposal to provide security. Hummell accepted the proposal and had Capitol Special Patrol established as a vendor. Capitol Special Patrol submitted invoices that were paid by check.
28. In December 2020, Hummell contacted Petitioner to provide security for mobile offices on an "as needed" basis. Hummell paid Petitioner's Square account \$5,320.00 on December 29, 2020, and \$3,393.00 on December 17, 2020, for these services using her company credit card. (Res. Ex. 7, 8).
29. Dan Guile's ("Guile") name appeared on the "Square" account as paying \$1,000.00 for security services on July 7, 2021. Guile is the manager of the Twin Mills Club located at Trilogy Lake Norman. Bullard contacted Guile. Twin Mills Club is an event venue inside of the private residential community. Guile contracted Capitol Special Patrol to provide security at the venue for a July 4th event. Guile paid Petitioner's Square account \$1,000.00 using a company credit card for the services. (Res. Ex. 9.)
30. Investigator Bullard then interviewed Petitioner. Referencing the "insurance deductible" issue, Petitioner claimed that the employee opted to pay cash instead of payroll deduction. The employee paid Petitioner \$200.00 each pay period over five (5) pay periods or ten weeks. Petitioner claimed that it was company policy that any cash received be kept as "petty" cash. This testimony was not credible.
31. Petitioner also claimed that he and Taylor had an agreement that any "special security" work would be done "off the books" of Capitol Special Patrol and that the profits would be split evenly between them. Petitioner claimed that the security work discussed was performed with either Capitol Special Patrol employees, himself, or employees provided by another company, Derecho Investigations and Security Consultants. Petitioner claimed that the cost of paying the employee would be subtracted from the payment and the remaining balance divided equally between himself, Taylor, and on one occasion, the owner of another company.

32. Petitioner claimed that Capitol Special Patrol used Autobell Carwash to clean company vehicles, but he was not happy with the work and decided to end that contract. Petitioner claimed that he sought a mobile detailing company to clean the vehicles, but the cost was too high. Petitioner claimed that he received permission from Taylor to purchase the equipment to clean the vehicles himself and charge the company for the services.
33. Petitioner claimed that he originally charged the cleaning of the vehicles to his company credit card using the "Square" account, but Square would not allow the transaction because he was listed as the recipient. At that time, Petitioner contacted Caverly and requested his credit card information to complete the transactions. Caverly sent Petitioner a picture of the front and back of his company credit card.
34. Petitioner created a company, "CLT Wash," with an e-mail address of cltwash379@gmail.com to charge Capital Special Police and Capital Security Patrol for carwashes that were either never authorized or never occurred. It is not necessary to fully determine that issue, as both situations entail Petitioner's unauthorized use of his employer's assets and/or funds.
35. Petitioner created the Square account in Caverly's name but used his (Petitioner's) home address in Iron Station, NC as the account address. Caverly never gave Petitioner permission to use his name to open the Square account.
36. One transaction on the Square account was a "refund" for \$2,700.00 to Petitioner from Square for a payment to CLT Wash, then a charge for the same amount on Caverly's credit card the same day (i.e., December 7, 2021) Petitioner asked him for his company credit card.
37. David Baldwin, accountant and bookkeeper for Capital Special Patrol, reviewed the list of accounts where the entity paid using Square (Res. Ex. 3) and determined that he had no record of seven of them. When a new customer retains Capital's services the contract is sent to Baldwin, and he enters it into the accounting system for invoicing and payment. Capital Special Patrol does not use "Square," or any other form of app payment, nor does it accept credit cards. All payments must be by check or electronic funds transfer via a bank (however in rare instances cash has been accepted.) No payment was ever received from any of the entities in question.
38. Following his interview with Bullard, Caverly, a sworn law enforcement officer, searched his text messages on his telephone and discovered he had, in fact, been asked by Petitioner for his company credit card number and had sent him a picture of the card on December 7, 2021. He did not recall the reason Petitioner said he needed it.
39. Although Caverly's patrol vehicle was listed as having been washed numerous times by Petitioner's company, CLT Wash, his vehicle was a "take-home car" and had never been washed or detailed by anyone but him. However, the evidence showed that these

arrangements are sometimes a monthly “flat fee” arrangement where a company is paid a fee to wash all vehicles on an as-needed or as-used basis. Thus, the Tribunal cannot conclude that Caverly’s non-use of the CLT Wash proves anything one way or the other.

40. Caverly himself had once damaged a Capitol Special Patrol company vehicle and – in keeping with company policy – had the insurance deductible deducted over a period of weeks from his paychecks.
41. Taylor, as noted, was the previous owner of Capital Special Patrol but sold it to an investment company. He is now a consultant to, and regional vice-president for, the present owner of Capital Special Patrol. He corroborated the testimony of the other witnesses and explained the policy regarding vehicle damage where the employee is at fault. Taylor confirmed there is no “petty cash” fund at any office; and that all payments must be processed through established channels.
42. Taylor testified credibly that he had no “deal” with Petitioner where certain customers were “off the books” and he would “split the cash” with Petitioner as Petitioner claimed.
43. Petitioner also elected not to call any witnesses on his behalf.
44. Petitioner elected not to testify at the contested case hearing.
45. Petitioner’s contention that he and Taylor agreed to an off-the-books deal to split the proceeds for the security work at issue is not credible. There is no evidence that the payments for the specifically identified work went to anywhere other than the Square account personally created by and owned by Petitioner. There is no evidence that Capitol Special Patrol generally accepted payment for security services by credit card.
46. The preponderance of the evidence establishes that Petitioner arranged on more than one occasion to provide security services for customers using Capitol Special Patrol assets and manpower. Instead of accepting payment for that work and conveying those funds to Capitol Special Patrol, Petitioner instead wrongfully diverted those payments to his own use by having the customers pay by credit card to Petitioner’s personal Square account, thus depriving his employer of those payments.
47. The preponderance of the evidence establishes that Petitioner misused Capitol Special Patrol assets in connection with the “CLT Wash” operation. Petitioner’s contention that he was acting for the benefit of Capitol Special Patrol with this operation is not credible.

CONCLUSIONS OF LAW

1. The parties are properly before the Office of Administrative Hearings.

2. Under N.C.G.S. 74C-12(a)(25), the Board may deny, suspend, or revoke a license, registration, or certification if it determines that the holder has demonstrated intemperate habits or lacks good moral character.
3. The Board presented evidence that Petitioner had demonstrated a lack of good moral character through his misappropriation of funds for security services, those funds being due to his employer, Capitol Special Patrol, as well as unauthorized use of his employer's funds with respect to the "carwash service" Petitioner set up for his own benefit. Petitioner used his position as office manager and agent of Capitol Special Patrol to conduct these activities.
4. North Carolina courts have held that an individual who takes property or money from his employer, while working as a clerk (had access to and control over money, as with Petitioner here), is guilty of embezzlement. State v. Robinson, 166 N.C. App. 654, 603 S.E.2d 345 (2004); Michael Edward Sutton v. North Carolina Criminal Justice Education and Training Standards Commission, 2006 WL 2190503, 06 DOJ 0012.
5. The Tribunal does not in this Proposal for Decision make any legal conclusion that Petitioner committed a criminal offense. Those matters are for the criminal courts to decide.
6. However, the evidence in this case leads the Tribunal to conclude that Petitioner has demonstrated intemperate habits and/or lack of good moral character. Using one's employer's assets to provide customer services and then diverting the fees to one's own benefit is not moral behavior, and avoidance of such practices requires only honesty, as opposed to special training or knowledge.
7. "Good moral character" is "something more than an absence of bad character. It is the good name which the applicant has acquired, or should have acquired, through association with his fellows. **It means that he must have conducted himself as a man of upright character ordinarily would, should, or does.** Such character expresses itself, not in negatives nor in following the line of least resistance, but quite often in the will to do the unpleasant thing if it is right, and the resolve not to do the pleasant thing if it is wrong." In re Farmer, 191 N.C. 235, 131 S.E. 661, 663 (1926) (emphasis supplied). Simply put, diverting funds owed to one's employer to oneself is not conducting oneself as a person of upright character ordinarily would, especially, as here, one placed in a significant position of trust.
8. Generally, isolated instances of conduct are insufficient to properly conclude that someone lacks good moral character. Darryll Grey DeCotis v. North Carolina Criminal Justice Education and Training Standards Commission, 2011 WL 7274519, 10 DOJ 07779, citing Daniel Brannon Gray v. N.C. Sheriffs Education and Training Standards Commission, 09 DOJ 4364. The actions proven in this case were not singular or isolated. Rather, they were protracted and repeated. Petitioner diverted multiple fees from multiple customers to his own benefit.

Based on the foregoing, the Undersigned makes the following:

PROPOSED FINAL DECISION

The Tribunal proposes that the Board's 12-month revocation of Petitioner's various licenses, registrations, and/or certifications be **UPHELD**.

NOTICE

The agency making the final decision in this contested case is required to give each party an opportunity to file exceptions to this Proposal for Decision, to submit proposed Findings of Fact and to present oral and written arguments to the agency. N.C.G.S. 150B-40(e).

The agency that will make the final decision in this contested case is the **North Carolina Private Protective Services Board**.

A copy of the final agency decision or order shall be served upon each party personally or by certified mail addressed to the party at the latest address given by the party to the agency and a copy shall be furnished to any attorney of record. N.C.G.S. 150B-42(a).

SO ORDERED.

This the 24th day of May, 2022.



Michael C. Byrne
Administrative Law Judge

CERTIFICATE OF SERVICE

The undersigned certifies that, on the date shown below, the Office of Administrative Hearings sent the foregoing document to the persons named below at the addresses shown below, by electronic service as defined in 26 NCAC 03 .0501(4), or by placing a copy thereof, enclosed in a wrapper addressed to the person to be served, into the custody of the North Carolina Mail Service Center who subsequently will place the foregoing document into an official depository of the United States Postal Service:

Adam Robert Trantum
Atranum@derechoinvestigations.com
Petitioner

Jeffrey P Gray
Bailey & Dixon, LLP
jgray@bdixon.com
Attorney For Respondent

This the 24th day of May, 2022.



Jerrod Godwin
Law Clerk
N.C. Office of Administrative Hearings
1711 New Hope Church Road
Raleigh, NC 27609-6285
Phone: 919-431-3000