

ADDENDUM B: NON-INDEMNIFICATION & ASSET PROTECTION

Purpose: To ensure that penalties are borne exclusively by the violator and to prevent the use of straw-man purchases or "Legal Defense Funds" (LDFs) as backdoors for third-party indemnification.

I. CLAWBACK FOR INDIRECT BENEFITS (THE "STRAW-MAN" SHIELD)

- **Prohibition of Indirect Subsidy:** An official is strictly prohibited from accepting "Indirect Benefits" to offset the cost of a fine. An "Indirect Benefit" is defined as any transaction where a third party (Lobbyist, PAC, or Donor) provides value to the official above fair market value.
- **The "Inflated Asset" Trigger:** If a third party purchases real estate, art, or services from an official at an inflated price within 24 months of a fine payment, the transaction shall be legally presumed to be an **Illegal Indemnification**.
- **Mandatory Clawback:** The FIC is authorized to seize the difference between the "inflated price" and the "fair market value" directly from the official to satisfy additional penalties.

II. AUTOMATIC ASSET LOCK (LIS PENDENS)

- **Pre-Judgment Lien:** Upon a formal **Referral for Enforcement** from the FIC to the Attorney General, a "**Lis Pendens**" (Notice of Pending Litigation) shall be automatically recorded against all real property owned by the official.
- **Freeze on Transfers:** This notice prevents the sale, transfer, or mortgaging of the property until the FIC case is resolved or the fine is satisfied in full.
- **Insolvency Override:** An official cannot claim "insolvency" or "bankruptcy" as a defense if they have transferred assets to family members or offshore accounts within 36 months of the fraud.

III. LEGAL DEFENSE FUND (LDF) RESTRICTIONS

- **Fines vs. Fees:** While an LDF may be used for attorney fees (subject to disclosure), **under no circumstances** may an LDF be used to pay the actual fine, remedial fee, or court-ordered penalty.
- **Source Verification:** Any funds used to pay FIC penalties must undergo a **Forensic Source Audit** to ensure the money originated from the official's taxed salary, legitimate investments, or inheritance—not from redirected political donations.