

## 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.