

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2003

H

2

HOUSE BILL 1519  
Committee Substitute Favorable 6/2/04

Short Title: Crime Victim Financial Recovery Assist. Act.

(Public)

---

Sponsors:

---

Referred to:

---

May 19, 2004

A BILL TO BE ENTITLED

1 AN ACT TO PREVENT CRIMINALS FROM PROFITING FROM THEIR CRIMES  
2 AND TO BETTER ENABLE CRIME VICTIMS TO SATISFY RESTITUTION  
3 ORDERS AND CIVIL JUDGMENTS ENTERED AGAINST THEIR  
4 OFFENDERS FROM THE OFFENDERS' ASSETS, WHICH MAY INCLUDE  
5 PROFIT FROM CRIME.  
6

7 The General Assembly of North Carolina enacts:

8 **SECTION 1.** Sections 1 through 25 of Chapter 15B of the General Statutes  
9 are redesignated as Article 1 of Chapter 15B. The Revisor of Statutes is authorized to  
10 make changes in the newly designated Article 1 that will reflect the results of the  
11 recodification.

12 **SECTION 2.** Chapter 15B of the General Statutes is amended by adding a  
13 new Article to read:

"Article 2.

"The Crime Victim Financial Recovery Assistance Act.

14 **"§ 15B-30. Declaration of policy and purpose.**

15 The General Assembly of North Carolina hereby declares as a matter of public  
16 policy that:

- 17 (1) No person who commits a crime should thereafter gain monetary profit  
18 as the result of committing the crime.  
19  
20 (2) Victims of crime have a special relationship to any profit from the  
21 crime committed against them, including the personal belongings and  
22 memorabilia of a convicted felon whose criminal actions and resulting  
23 notoriety enhance the value of those belongings and memorabilia.  
24  
25 (3) To the extent profit from crime would not have been realized but for  
26 an offender's commission of illegal acts, an offender does not have an  
27 equitable interest in the profit and allowing the offender to retain the  
28 profit would result in the offender's unjust enrichment.

1        The General Assembly finds that the State has a compelling interest in ensuring that  
2 persons convicted of crimes do not profit from those crimes, and that victims of crime  
3 are compensated by those who have harmed them.

4        The General Assembly further finds that crime victims have difficulty satisfying  
5 restitution orders or civil judgments entered against their offenders because the victims  
6 often lack the expertise and resources to identify or locate assets that an offender may  
7 have.

8        In order to carry out this public policy and to satisfy these compelling interests, the  
9 General Assembly has enacted the provisions of this Article providing a mechanism by  
10 which crime victims are notified of the existence of an offender's assets and are  
11 authorized to bring an action to recover those assets.

12 **"§ 15B-31. Definitions.**

13        The following definitions apply in this Article:

- 14        (1) Commission. – The Crime Victims Compensation Commission  
15 established under G.S. 15B-3.
- 16        (2) Convicted. – A finding or verdict of guilty by a jury or by entry of a  
17 plea of guilty or no contest or a finding of not guilty by reason of  
18 insanity.
- 19        (3) Crime memorabilia. – Any tangible property belonging to or that  
20 belonged to an offender prior to conviction, the value of which is  
21 increased by the notoriety gained from the conviction of a felony.
- 22        (4) Earned income. – Income derived from one's own labor or through  
23 active participation in a business, as distinguished from income, for  
24 example, from dividends or investments.
- 25        (5) Eligible person. –

26        a. A victim of the crime for which the offender was convicted.  
27        b. A surviving spouse, parent, or child of a deceased victim of the  
28 crime; or

29        c. Any other person dependent for the person's principal support  
30 upon a deceased victim of the crime.

31        However, 'eligible person' does not include the offender or an  
32 accomplice to the offender.

- 33        (6) Felony. – An offense defined as a felony by any North Carolina or  
34 United States statute that was committed in North Carolina and that  
35 resulted in physical or emotional injury, or death, to another person.
- 36        (7) Funds of an offender. – All funds and property received from any  
37 source by an offender, excluding child support and earned income,  
38 where the offender:

39        a. Is an inmate serving a sentence with the Department of  
40 Correction or a prisoner confined at a local correctional facility  
41 or federal correctional institute, and includes funds that a  
42 superintendent, sheriff, or municipal official receives on behalf  
43 of an inmate or prisoner and deposits in an inmate account to

- 1                   the credit of the inmate or deposits in a prisoner account to the  
2                   credit of the prisoner; or  
3                   b.     Is not an inmate or prisoner but who is serving a sentence of  
4                   probation, conditional discharge, or post-release supervision.  
5                   (8)   Offender. – A person who has been convicted of a felony or that  
6                   person's legal representative or assignee.  
7                   (9)   Profit from crime. – Any income, assets, or property obtained through  
8                   or generated from the commission of a crime for which the offender  
9                   was convicted, including any income, assets, or property generated  
10                  from the sale of crime memorabilia or obtained through the use of  
11                  unique knowledge obtained during the commission of, or in  
12                  preparation for the commission of the crime, as well as any gain from  
13                  the sale, conversion, or exchange of the income, assets, or property.  
14                  'Profit from crime' does not include voluntary donations or  
15                  contributions to an offender used to assist in the appeal of a conviction,  
16                  provided the donation or contribution is not given in exchange for  
17                  something of material value.  
18                  (10) Victim. – Any natural person who suffers physical or emotional injury,  
19                  or the threat of physical or emotional injury, as the result of the  
20                  commission of a felony.

21   **§ 15B-32. Notice of contract or agreement to pay.**

- 22           (a)   Notice to Commission. –  
23                   (1)   Every person, firm, corporation, partnership, association, or other legal  
24                   entity, or representative of a person, firm, corporation, partnership,  
25                   association, or entity that knowingly contracts for, pays, or agrees to  
26                   pay to an offender (i) profit from crime or (ii) funds of an offender  
27                   where the value or aggregate value of the payment or payments  
28                   exceeds ten thousand dollars (\$10,000) shall submit to the  
29                   Commission a copy of the contract or reduce to writing the terms of  
30                   any oral agreement or obligation to pay as soon as practicable after  
31                   discovering the payment or intended payment constitutes profit from  
32                   crime or funds of an offender.  
33                   (2)   Whenever the payment or obligation to pay involves funds of an  
34                   offender that a superintendent, sheriff, or municipal officer (i) receives  
35                   or will receive on behalf of an inmate serving a sentence with the  
36                   Department of Correction or a prisoner confined at a local correctional  
37                   facility, (ii) deposits or will deposit in an inmate account to the credit  
38                   of an inmate or prisoner, and (iii) the value of such funds exceeds or  
39                   will exceed ten thousand dollars (\$10,000), the State or subdivision of  
40                   the State shall also give written notice to the Commission.  
41                   (3)   Whenever the State or a subdivision of the State makes a payment or  
42                   has an obligation to pay funds of an offender and the value of such  
43                   funds exceeds or will exceed ten thousand dollars (\$10,000), the State

1           or subdivision of the State shall also give written notice to the  
2           Commission.

3           (4) In all other instances where the payment or obligation to pay involves  
4           funds of an offender and the value or aggregate value of the funds  
5           exceeds or will exceed ten thousand dollars (\$10,000), the offender  
6           who receives or will receive the funds shall give written notice to the  
7           Commission.

8           (b) Notice to Eligible Persons. – The Commission shall, upon receipt of a notice  
9           of a contract, an agreement to pay, or payment of profit from crime or funds of an  
10           offender, notify in writing by certified mail, return receipt requested, all known eligible  
11           persons where the eligible persons' names and addresses are known to the Commission.  
12           The Commission may, in its discretion, provide for additional notice as it deems  
13           necessary.

14           (c) Penalties. – Any person or entity, other than the State, a subdivision of the  
15           State, or a person who is a superintendent, sheriff, or municipal official required to give  
16           notice pursuant to this section, who willfully fails to comply with subsection (a) of this  
17           section is subject to a civil penalty up to the amount of the payment or obligation to pay,  
18           plus one thousand dollars (\$1,000) or ten percent (10%) of the payment of obligation to  
19           pay, whichever is greater.

20           After providing notice and opportunity to be heard, the Commission may by order  
21           assess the penalties prescribed by this subsection. If the penalties are not paid within 30  
22           days from the date of the order, any penalty assessed under this section shall bear  
23           interest at the legal rate. An action to recover a civil penalty assessed under this section  
24           may be brought by the Commission within three years after the cause of action accrues.

25           The clear proceeds of penalties assessed under this subsection shall be remitted to  
26           the Civil Penalty and Forfeiture Fund in accordance with G.S. 115C-457.2.

27           "**§ 15B-33. Civil action to recover profits or funds; responsibilities of the**  
28           **Commission.**

29           (a) Civil Action. – Notwithstanding any inconsistent provision of law with  
30           respect to the timely bringing of an action, an eligible person may, within three years of  
31           the discovery of any profit from crime or funds of an offender, bring a civil action in a  
32           court of competent jurisdiction to recover money damages from an offender.

33           (b) Notice by Eligible Persons. – Upon filing an action under subsection (a) of  
34           this section, the eligible person shall give notice to the Commission of the filing by  
35           delivering a copy of the summons and complaint to the Commission. The eligible  
36           person may also give notice to the Commission prior to filing the action so as to allow  
37           the Commission to apply for any appropriate provisional remedies, which are otherwise  
38           authorized to be invoked prior to the commencement of an action.

39           (c) Responsibilities of Commission. – Upon receipt of a copy of a summons and  
40           complaint, or upon receipt of notice from the eligible person prior to filing an action, the  
41           Commission shall immediately take action to:

42           (1) Notify all other known eligible persons of the filing of the civil action  
43           by certified mail, return receipt requested, where the eligible persons'  
44           names and addresses are known to the Commission.

1           (2) Provide, in its discretion, for additional notice as it deems necessary.

2           (3) Avoid the wasting of the assets identified in the complaint as the profit  
3           from crime or funds of an offender in any manner consistent with  
4           subsection (d) of this section.

5           (d) Authority to Avoid Wasting of Assets. – The Commission, acting on behalf  
6           of all eligible persons, shall have the right to apply for any and all provisional remedies  
7           that are also otherwise available to the plaintiff in the civil action brought under  
8           subsection (a) of this section, such as attachment, injunction, constructive trust, and  
9           receivership. On a motion for a provisional remedy, the moving party shall state  
10           whether any other provisional remedy has previously been sought in the same action  
11           against the same defendant. The court may require the moving party to elect between  
12           those remedies to which it would otherwise be entitled.

13           (e) Enforcement of Judgment. – Notwithstanding any other provision of law to  
14           the contrary, a judgment obtained pursuant to this section shall not be subject to  
15           execution or enforcement against the first one thousand dollars (\$1,000) deposited in an  
16           inmate account to the credit of the inmate or in a prisoner account to the credit of the  
17           prisoner. In addition, where the civil action involves funds of an offender and those  
18           funds were recovered by the offender pursuant to a judgment obtained in a civil action,  
19           a judgment obtained pursuant to this section may not be subject to enforcement or  
20           execution against the first ten percent (10%) of any compensatory damages awarded to  
21           the offender in a civil action.

22           "**§ 15B-34. Subrogation by the Crime Victims Compensation Fund.**

23           Claims on profit from crime or funds of an offender are subject to subrogation by the  
24           Crime Victims Compensation Fund pursuant to G.S. 15B-18.

25           "**§ 15B-35. Conviction overturned or pardon issued.**

26           If profit from crime is subject to a provisional remedy on behalf of eligible persons  
27           and the conviction for the criminal offense from which profit from crime is realized is  
28           reversed, vacated, or set aside, or if the offender has been granted an unconditional  
29           pardon of innocence for the criminal offense, those funds shall be returned to the  
30           rightful owner.

31           "**§ 15B-36. Evasive action void.**

32           Any action taken by an offender, whether by way of execution of a power of  
33           attorney, creation of corporate entities, or otherwise, to defeat the purpose of this Article  
34           shall be void as against the public policy of this State."

35           **SECTION 3.** The provisions of this act are severable. If any provision of  
36 this act or its application is held invalid, that invalidity shall not affect other provisions  
37 or applications that can be given effect without the invalid provision or application.

38           **SECTION 4.** This act is effective when it becomes law and applies to  
39 contracts for profit from crime entered into on or after that date or funds of an offender  
40 that have accrued on or after that date.