HOUSE JUDICIARY COMMITTEE SUBSTITUTE FOR HOUSE BILL 378

50TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2011

AN ACT

RELATING TO GOVERNMENTAL CONDUCT; SPECIFYING THE CRIMINAL ACTS
THAT QUALIFY AS PUBLIC CORRUPTION OFFENSES; MANDATING POSTING
OF INFORMATION RELATING TO PUBLIC CORRUPTION OFFENSES;
PROVIDING FOR ENHANCEMENT OF A SENTENCE FOR CONVICTION OF A
CRIME DEALING WITH PUBLIC CORRUPTION; BARRING PERSONS CONVICTED
OF PUBLIC CORRUPTION OFFENSES FROM LOBBYING OR ENTERING INTO
CONTRACTS WITH THE STATE; PROVIDING FOR THE FORFEITURE OF
CERTAIN RIGHTS AND BENEFITS UNDER THE STATE RETIREMENT SYSTEMS
UPON CONVICTION OF PUBLIC CORRUPTION OFFENSES; PROVIDING
PENALTIES; AMENDING AND ENACTING SECTIONS OF THE NMSA 1978.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. Section 30-16-8 NMSA 1978 (being Laws 1963, Chapter 303, Section 16-7, as amended) is amended to read:

"30-16-8. EMBEZZLEMENT.--

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1	A. Embezzlement consists of a person embezzling or
2	converting to the person's own use anything of value, with
3	which the person has been entrusted, with fraudulent intent to
4	deprive the owner thereof.
5	B. Whoever commits embezzlement when the value of

the thing embezzled or converted is two hundred fifty dollars (\$250) or less is guilty of a petty misdemeanor.

- C. Whoever commits embezzlement when the value of the thing embezzled or converted is over two hundred fifty dollars (\$250) but not more than five hundred dollars (\$500) is guilty of a misdemeanor.
- D. Whoever commits embezzlement when the value of the thing embezzled or converted is over five hundred dollars (\$500) but not more than two thousand five hundred dollars (\$2,500) is guilty of a fourth degree felony.
- Ε. Whoever commits embezzlement when the value of the thing embezzled or converted is over two thousand five hundred dollars (\$2,500) but not more than twenty thousand dollars (\$20,000) is guilty of a third degree felony.
- Whoever commits embezzlement when the value of the thing embezzled or converted exceeds twenty thousand dollars (\$20,000) is guilty of a second degree felony.
- G. A person elected or appointed to a position with or employed by a public entity who commits embezzlement against the public entity when the value of the thing embezzled or

1 converted is over five hundred dollars (\$500) shall have the 2 3 4 5 6 7 8 9 10 11

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basic sentence of imprisonment as provided for in this section increased by one year and the additional year shall be the first year served and shall not be suspended or deferred. H. A person convicted under the provisions of this

section shall not, individually or in association with others, submit a bid to or enter into a contract for services, construction or items of tangible personal property with a public entity or act as a lobbyist, as defined in Section 2-11-2 NMSA 1978. Any person who knowingly and willfully violates the provisions of this subsection is guilty of a third degree felony.

I. As used in this section, "public entity" means the state or one of its agencies, departments, institutions or political subdivisions."

SECTION 2. Section 30-23-2 NMSA 1978 (being Laws 1963, Chapter 303, Section 23-2) is amended to read:

"30-23-2. PAYING OR RECEIVING PUBLIC MONEY FOR SERVICES NOT RENDERED. --

A. Paying or receiving public money for services not rendered consists of knowingly making or receiving payment or causing payment to be made from public funds where such payment purports to be for wages, salary or remuneration for personal services [which] that have not in fact been rendered.

B. Nothing in this section shall be construed to .185946.4

prevent the payment of public funds where such payments are intended to cover lawful remuneration to public officers or public employees for vacation periods or absences from employment because of sickness or for other lawfully authorized purposes.

<u>C.</u> Whoever commits paying or receiving public money for services not rendered is guilty of a fourth degree felony; provided that, if a person elected to or appointed to a position with or employed by a public entity is convicted of paying or receiving public money for services not rendered, the basic sentence of imprisonment shall be increased by one year and the additional year shall be the first year served and shall not be suspended or deferred.

D. A person convicted under the provisions of this section shall not, individually or in association with others, submit a bid to or enter into a contract for services, construction or items of tangible personal property with a public entity or act as a lobbyist, as defined in Section 2-11-2 NMSA 1978. Any person who knowingly and willfully violates the provisions of this subsection is guilty of a third degree felony.

E. As used in this section, "public entity" means
the state or one of its agencies, departments, institutions or
political subdivisions."

SECTION 3. Section 30-23-3 NMSA 1978 (being Laws 1963, .185946.4

Chapter 303, Section 23-3, as amended) is amended to read:
"30-23-3. MAKING OR PERMITTING FALSE PUBLIC VOUCHER.--

A. Making or permitting false public voucher consists of knowingly, intentionally or [wilfully] willfully making, causing to be made or permitting to be made a false material statement or forged signature upon any public voucher, or invoice supporting a public voucher, with intent that the voucher or invoice shall be relied upon for the expenditure of public money.

B. Whoever commits making or permitting false public voucher is guilty of a fourth degree felony; provided that, if a person elected to or appointed to a position with or employed by a public entity is convicted of making or permitting false public voucher, the basic sentence of imprisonment shall be increased by one year and the additional year shall be the first year served and shall not be suspended or deferred.

C. A person convicted under the provisions of this section shall not, individually or in association with others, submit a bid to or enter into a contract for services, construction or items of tangible personal property with a public entity or act as a lobbyist, as defined in Section 2-11-2 NMSA 1978. Any person who knowingly and willfully violates the provisions of this subsection is guilty of a third degree felony.

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	<u>D.</u>	As us	sed i	n this	section	ı, "publi	c entity"	means
the state	or o	ne of	its	agencie	es, depa	artments,	institut	ions or
political	subd	ivisi	ons."	1				

SECTION 4. Section 30-23-6 NMSA 1978 (being Laws 1963, Chapter 303, Section 23-6) is amended to read:

"30-23-6. UNLAWFUL INTEREST IN A PUBLIC CONTRACT.--

 $\underline{A.}$ Unlawful interest in a public contract consists of:

[A. any] (1) a public officer or public employee receiving anything of value, directly or indirectly, from either a seller or a seller's agents or a purchaser or a purchaser's agents in connection with the sale or purchase of securities, goods, leases, lands or anything of value by the state or any of its political subdivisions, unless:

[(1)] (a) prior written consent of the head of the department of the state or political subdivision involved in the transaction is obtained and filed as a matter of public record in the office of secretary of state; and

[(2)] (b) subsequent to the transaction, a statement is filed as a matter of public record in the office of secretary of state by the purchaser or seller giving anything of value to a public officer or public employee and this statement contains the date the services were rendered, the amount of remuneration for the rendered services and the nature of the rendered services; and

[B. any] <u>(2) a</u> seller or [his] <u>the seller's</u>
agents or a purchaser or [his] the purchaser's agents offering
to pay or paying anything of value, directly or indirectly, to
a public officer or public employee in connection with the sale
or purchase of securities or goods by the state or any of its
political subdivisions unless the requirements of [Paragraphs
(1) and (2) Subparagraphs (a) and (b) of Paragraph (1) of
[Subsection A of] this $[section]$ subsection are complied with.
[Any]

B. A person violating the provisions of <u>Paragraph</u>

(2) of Subsection [B] A of this section, where [such] the

violations [forms] form the basis for prosecution and

conviction of a public officer or public employee, shall be

disqualified from transacting [any] business with the state or

its political subdivisions for a period of five years from the

date of [such] the violation.

<u>C.</u> Nothing in this section shall prohibit a public officer or public employee from receiving [his] regular remuneration for services rendered to the state or its political subdivisions in connection with the aforementioned transactions.

 $\underline{\text{D.}}$ Whoever commits unlawful interest in public contracts where the value received by [him] the person is fifty dollars (\$50.00) or less is guilty of a misdemeanor.

 $\underline{\text{E.}}$ Whoever commits unlawful interest in public .185946.4

contracts where the value received by [him] the person is more than fifty dollars (\$50.00) is guilty of a fourth degree felony; provided that the basic sentence of imprisonment shall be increased by one year and the additional year shall be the first year served and shall not be suspended or deferred. A public officer or public employee convicted of a felony [hereunder] under the provisions of this section is forever disqualified from employment by the state or any of its political subdivisions.

F. A person convicted under the provisions of
Paragraph (1) or (2) of Subsection A of this section, where the
value received by the person is more than fifty dollars
(\$50.00), shall not, individually or in association with
others, submit a bid to or enter into a contract for services,
construction or items of tangible personal property with a
public entity or act as a lobbyist, as defined in Section
2-11-2 NMSA 1978. Any person who knowingly and willfully
violates the provisions of this subsection is guilty of a third
degree felony.

G. As used in this section, "public entity" means the state or one of its agencies, departments, institutions or political subdivisions."

SECTION 5. Section 30-24-1 NMSA 1978 (being Laws 1963, Chapter 303, Section 24-1) is amended to read:

"30-24-1. BRIBERY OF PUBLIC OFFICER OR PUBLIC EMPLOYEE.-.185946.4

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A. Bribery of public officer or public employee consists of any person giving or offering to give, directly or indirectly, anything of value to any public officer or public employee, with intent to induce or influence [such] that public officer or public employee to:

[A.] (1) give or render any official opinion, judgment or decree;

[B.] (2) be more favorable to one party than to the other in any cause, action, suit, election, appointment, matter or thing pending or to be brought before [such] that person;

[6.] (3) procure [him] the person to vote or withhold [his] the person's vote on [any] a question, matter or proceeding [which] that is then or may thereafter be pending, and [which] that may by law come or be brought before [him] the person in [his] the person's public capacity;

[Đ.] (4) execute any of the powers [in him] vested in the person; or

 $[\underbrace{\text{E.}}]$ (5) perform $[\underbrace{\text{any}}]$ \underline{a} public duty otherwise than as required by law, or to delay in or omit to perform $[\underbrace{\text{any}}]$ \underline{a} public duty required of $[\underbrace{\text{him}}]$ the person by law.

B. Whoever commits bribery of a public officer or public employee is guilty of a third degree felony; provided that, if a person elected to or appointed to a position with or employed by a public entity is convicted of bribery of a public

officer or public employee, the basic sentence of impriso	<u>nment</u>
shall be increased by one year and the additional year sh	all be
the first year served and shall not be suspended or defer	red.

C. A person convicted under the provisions of

Subsection A of this section shall not, individually or in

association with others, submit a bid to or enter into a

contract for services, construction or items of tangible

personal property with a public entity or act as a lobbyist, as

defined in Section 2-11-2 NMSA 1978. Any person who knowingly

and willfully violates the provisions of this subsection is

guilty of a third degree felony.

D. As used in this section, "public entity" means
the state or one of its agencies, departments, institutions or
political subdivisions."

SECTION 6. Section 30-24-2 NMSA 1978 (being Laws 1963, Chapter 303, Section 24-2) is amended to read:

"30-24-2. DEMANDING OR RECEIVING BRIBE BY PUBLIC OFFICER
OR PUBLIC EMPLOYEE.--

A. Demanding or receiving bribe by public officer or public employee consists of any public officer or public employee soliciting or accepting, directly or indirectly, anything of value, with intent to have [his] the officer's or employee's decision or action on any question, matter, cause, proceeding or appointment influenced [thereby] by the bribe, and which decision or action, by law, is pending or might be

brought	before	[him]	<u>the</u>	officer	or	<u>employee</u>	in	[his]	<u>the</u>
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B. Whoever commits demanding or receiving a bribe by a public officer or public employee is guilty of a third degree felony [and]; provided that the basic sentence of imprisonment prescribed for the offense shall be increased by one year and the additional year shall be the first year served and shall not be suspended or deferred. Upon conviction, [thereof such] a public officer or public employee shall forfeit the office then held by [him] the officer or employee.

C. A person convicted under the provisions of this section shall not, individually or in association with others, submit a bid to or enter into a contract for services, construction or items of tangible personal property with a public entity or act as a lobbyist, as defined in Section 2-11-2 NMSA 1978. Any person who knowingly and willfully violates the provisions of this subsection is guilty of a third degree felony.

D. As used in this section, "public entity" means the state or one of its agencies, departments, institutions or political subdivisions."

SECTION 7. Section 30-41-1 NMSA 1978 (being Laws 1979, Chapter 384, Section 1) is amended to read:

"30-41-1. SOLICITING OR RECEIVING ILLEGAL KICKBACK.--

 \underline{A} . Whoever knowingly solicits or receives, [$\frac{any}{a}$]

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directly or indirectly, a remuneration in the form of any kickback, bribe or rebate [directly or indirectly, overtly or covertly] in cash or in kind from a person:

[A.] (1) in return for referring an individual to that person for the furnishing or arranging for the furnishing of any item or service for which payment may be made in whole or in part with public money; or

[B.] (2) in return for purchasing, leasing, ordering or arranging for or recommending purchasing, leasing or ordering any goods, facilities, services or items for which payment may be made in whole or in part with public money, [shall be] is guilty of a fourth degree felony; provided that, if a person elected or appointed to a position with or employed by a public entity is convicted of soliciting or receiving illegal kickback, the basic sentence of imprisonment shall be increased by one year and the additional year shall be the first year served and shall not be suspended or deferred.

B. A person convicted under the provisions of this section shall not, individually or in association with others, submit a bid to or enter into a contract for services, construction or items of tangible personal property with a public entity or act as a lobbyist, as defined in Section 2-11-2 NMSA 1978. Any person who knowingly and willfully violates the provisions of this subsection is guilty of a third degree felony.

C. As used in this section:

(1) "kickback" means a percentage of income given to a person in a position of influence as payment for having made the income possible; and

(2) "public entity" means the state or one of its agencies, departments, institutions or political subdivisions."

SECTION 8. Section 30-41-2 NMSA 1978 (being Laws 1979, Chapter 384, Section 2) is amended to read:

"30-41-2. OFFERING OR PAYING ILLEGAL KICKBACK.--

A. Whoever knowingly offers or pays, [any] directly or indirectly, a remuneration in the form of any kickback, bribe or rebate [directly or indirectly, overtly or covertly] in cash or in kind to any person to induce such person:

[A au] (1) to refer an individual to a person for the furnishing or arranging for the furnishing of [any] an item or service for which payment may be made in whole or in part with public money; or

[B.] (2) to purchase, lease, order or arrange for or recommend purchasing, leasing or ordering any goods, facilities, services or items for which payment may be made in whole or in part with public money, shall be guilty of a fourth degree felony; provided that, if a person elected to or appointed to a position with or employed by a public entity is convicted of offering or paying illegal kickback, the basic

sentence of imprisonment shall be increased by one year and the additional year shall be the first year served and shall not be suspended or deferred.

B. A person convicted under the provisions of this section shall not, individually or in association with others, submit a bid to or enter into a contract for services, construction or items of tangible personal property with a public entity or act as a lobbyist, as defined in Section 2-11-2 NMSA 1978. Any person who knowingly and willfully violates the provisions of this subsection is guilty of a third degree felony.

C. As used in this section:

- (1) "kickback" means a percentage of income given to a person in a position of influence as payment for having made the income possible; and
- (2) "public entity" means the state or one of its agencies, departments, institutions or political subdivisions."
- SECTION 9. [NEW MATERIAL] PUBLICATION AND DISSEMINATION
 OF INFORMATION RELATING TO PUBLIC CORRUPTION OFFENSES AND OTHER
 CORRUPT PRACTICES.--
- A. Every state agency, department, political subdivision and institution shall post in a conspicuous place a listing of all crimes constituting public corruption offenses and other corrupt practices and the penalties associated with .185946.4

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such crimes.

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- As used in this section, "public corruption В. offense" means:
- violating the ethical principles of public service, as provided in Subsection D of Section 10-16-3 NMSA 1978;
- (2) taking an official act for personal financial interest, as provided in Section 10-16-4 NMSA 1978;
- embezzlement, as provided in Section (3) 30-16-8 NMSA 1978, provided that the embezzlement is committed by a person elected to or appointed to a position with or employed by the state or one of its agencies, departments, institutions or political subdivisions and the embezzlement is committed against the state or its agency, department, institution or political subdivision;
- (4) paying or receiving public money for services not rendered, as provided in Section 30-23-2 NMSA 1978;
- (5) making or permitting false public voucher, as provided in Section 30-23-3 NMSA 1978;
- committing unlawful interest in a public contract, where the value received is more than fifty dollars (\$50.00), as provided in Section 30-23-6 NMSA 1978;
- committing bribery of public officer or public employee, as provided in Section 30-24-1 NMSA 1978;

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- tampering with public records, as provided in Section 30-26-1 NMSA 1978;
- soliciting or receiving illegal kickback, (10)as provided in Section 30-41-1 NMSA 1978; and
- offering or paying illegal kickback, as provided in Section 30-41-2 NMSA 1978.

SECTION 10. [NEW MATERIAL] FORFEITURE OF PENSION FOR PUBLIC CORRUPTION OFFENSES. --

If, in the adjudication of a public corruption offense in a New Mexico district court, it appears that the defendant is a member or retired member and the alleged corruption relates to, arises out of or is in connection to the member's public office or public employment, the district attorney or attorney general shall, in addition to the felony complaint, file for an order of forfeiture of pension. the filing, the forfeiture of pension proceeding shall be brought in the same proceeding as the criminal matter and presented to the same trier of fact; provided that:

- the two issues shall be bifurcated; (1)
- the rules of criminal procedure shall (2) apply in the criminal matter and the rules of civil procedure shall apply in the forfeiture proceeding;
 - if the criminal defendant is represented (3)

by the public defender department, the chief public defender or the district public defender may authorize department representation of the defendant in the forfeiture proceeding; and

- convincing evidence that the defendant is a member or retired member and has been convicted of a public corruption offense that is directly related to, arises out of or is in connection to the member's public office or employment, after determining issues related to community property and child support obligations and issuing orders to that effect, the court may order the forfeiture of the member's or retired member's right to a pension and other retirement benefits from a state system and serve the order upon the appropriate state system.
- B. After receipt by a state system of an order issued pursuant to Subsection A of this section, pending a final appeal, the state system shall suspend the forfeited member's service credit and, if the forfeited member is a retired member, shall suspend any pension.
- C. After notification to a state system that an order issued pursuant to Subsection A of this section was not appealed or, upon final appeal, was upheld:
- (1) except as provided in Paragraph (5) of this subsection, the state system shall revoke the forfeited member's service credit;

(2) if the forfeited member is not currently
receiving a pension, except as provided in Paragraph (4) of
this subsection, the state system shall refund accumulated
member contributions to the forfeited member:

- (3) if the forfeited member is currently receiving a pension, except as provided in Paragraph (4) or (5) of this subsection, the state system shall cease paying a pension and shall refund any unexpended accumulated member contributions to the forfeited member;
- (4) if, prior to the order of forfeiture, a court has issued an order pursuant to Section 10-11-136, 10-11-136.1, 10-12B-7, 10-12C-7 or 22-11-42 NMSA 1978, or as part of the forfeiture order, orders were issued addressing community property interests or child support obligations, then any action by a state system pursuant to Paragraph (2) or (3) of this subsection shall be in compliance with those court orders; and
- (5) if the forfeited member is currently receiving a pension from a state system due to previous employment but had subsequently returned to public employment while continuing to receive the pension, the order shall not affect the pension related to the previous employment if the public corruption offense did not arise from conduct related to the previous employment.
- D. If, on final appeal, the court finding pursuant .185946.4

to Subsection A of this section or the conviction is overturned, the forfeiture order is voided, the attorney general shall notify the state system and the state system shall reinstate the forfeited service credit and pay in full any suspended pension payments.

- E. If no appeal is made from a court finding pursuant to Subsection A of this section or if, on final appeal, the court finding is upheld, the district attorney or the attorney general shall notify the state system and the state system shall comply with the procedures of Subsection C of this section.
- F. The provisions of this section apply to crimes committed on or after July 1, 2011.
 - G. As used in this section:
- (1) "conviction" means a judgment of guilty of a felony or acceptance of a plea of nolo contendere to a public corruption offense by a state or federal court of competent jurisdiction;
- (2) "forfeited member" means an individual who, under a court order issued pursuant to this section, has forfeited pension rights in a state system;
- (3) "member" means an individual who is classified as a "member" of a state system pursuant to the laws governing that state system;
- (4) "member contributions" means the amounts .185946.4

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deducted from a member's salary and credited to the member's
account in a state system, together with interest, if any,
credited to that account:

- (5) "public corruption offense" means:
- (a) embezzlement, as provided in Section 30-16-8 NMSA 1978, provided that the embezzlement is committed by a person elected to or appointed to a position with or employed by the state or one of its agencies, departments, institutions or political subdivisions and the embezzlement is committed against the state or its agency, department, institution or political subdivision;
- (b) paying or receiving public money for services not rendered, as provided in Section 30-23-2 NMSA 1978;
- (c) making or permitting false public voucher, as provided in Section 30-23-3 NMSA 1978;
- (d) committing unlawful interest in a public contract, where the value received is more than fifty dollars (\$50.00), as provided in Section 30-23-6 NMSA 1978;
- (e) committing bribery of public officer or public employee, as provided in Section 30-24-1 NMSA 1978;
- (f) demanding or receiving bribe by a public officer or employee, as provided in Section 30-24-2 NMSA 1978;
 - (g) soliciting or receiving an illegal

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- (6) "public employment" means a position held as an elected or appointed official or as an employee of the state or one of its agencies, departments, institutions or political subdivisions;
- (7) "retired member" means an individual who has retired and is receiving a pension from a state system; and
- (8) "state system" means a retirement program provided for in the Educational Retirement Act, the Public Employees Retirement Act, the Magistrate Retirement Act or the Judicial Retirement Act.

SECTION 11. EFFECTIVE DATE.--The effective date of the provisions of this act is July 1, 2011.

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