

April 25, 2006
OPINION NUMBER 05-0380

Mr. Sid Newman
Executive Director
Baton Rouge Crime Stoppers, Inc.
440 Third Street c/o 2nd Floor
Baton Rouge, Louisiana 70802

90-A-1 PUBLIC FUNDS & CONTRACTS
La. C.Cr.P Article 895.4

Discussion of the permissible uses of funds
received by Baton Rouge Crime Stoppers, Inc.
pursuant to La. C.Cr.P. Article 895.4.

Dear Mr. Newman:

You requested an Attorney General's opinion regarding the use of funds received by Baton Rouge Crime Stoppers, Inc. ("Crime Stoppers"). You advise that individuals who make day to day decisions for non-profit entities face the potential for personal liability exposure in the event of litigation involving their decisions, as do the entities themselves. Even if the claims are ultimately proved unwarranted, the cost of defending against lawsuits can be devastating. You indicated that Crime Stoppers receives funds from the courts pursuant to La. C.Cr.P Art. 895.4. You question whether Crime Stoppers may use such funds to pay attorney's fees and/or to purchase Non-Profit Directors and Officers Liability Insurance.

La. C.Cr.P Art. 895.4 sets forth the permissible uses of funds received by Crime Stoppers pursuant to the Article, and provides in pertinent part as follows:

L. All funds received by a certified crime stoppers organization under this Article shall be used solely for the purposes of paying rewards to individuals who provide information on criminal activity to the certified crime stoppers organization, for the operation of a hot line used for receiving that information, and for other purposes which are directly related to obtaining information on criminal activities.

In order for Crime Stoppers to use these funds to pay attorney's fees and/or to pay for insurance, the payment of attorney's fees or insurance premiums must be "directly related to obtaining information of criminal activities." This is a factual determination that must be made by Crime Stoppers (presumably by the Board of Directors). If the Board of Directors determines that the payment of attorney's fees or insurance premiums are directly related to obtaining information on criminal activities, then the payment of such costs would be permissible under Art. 895.4.

If the Board determines that payment of such costs is not directly related to obtaining information on criminal activities, Crime Stoppers may not use funds received pursuant to Art. 895.4 to pay such costs. However, Crime Stoppers could still use funds received from other sources to pay attorney's fees and insurance premiums under Art. 895.4(M), which provides:

M. All funds received by a certified crime stoppers organization from sources other than this Article, including donations to the organization, may be expended for any lawful purpose, including the purposes set forth in Paragraph L above.

Trusting this adequately responds to your request, we remain

Yours very truly,

CHARLES C. FOTI, JR.
ATTORNEY GENERAL

BY: _____
KENNETH L. ROCHE, III
Assistant Attorney General

CCF, JR/KLR, III/jv

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Date Received:

Date Released: April 25, 2006

KENNETH L. ROCHE, III
ASSISTANT ATTORNEY GENERAL