

City of Philadelphia Board of Ethics



Photo Credit: Bryan McHale

Annual Report September 2016

Honesty

Integrity

Transparency

**City of Philadelphia
Board of Ethics**

Honesty, Integrity, Transparency

Michael H. Reed, Esq.
Chair

Judge Phyllis W. Beck (Ret.), Vice Chair
Vice-Chair

Sanjuanita González, Esq.
Brian J. McCormick, Jr., Esq.
JoAnne A. Epps, Esq.
Board Members

Philadelphia's Board of Ethics was created by an amendment to the Philadelphia Home Rule Charter that voters approved via a ballot question at the May 2006 primary election. The Board is charged with administering and enforcing all provisions of the Charter and City Code that pertain to ethical matters, and such additional duties as City Council may assign. The Board has jurisdiction over City laws pertaining to conflicts of interest, representation and post-employment restrictions, gifts and gratuities, financial disclosure, interests in certain City contracts, campaign finance, prohibited political activities, and lobbying. The Board renders advisory opinions, promulgates regulations, and offers trainings on how to comply with the laws within its jurisdiction. The Board also has the power to conduct investigations and enforce the laws over which it has jurisdiction.

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Message from the Chair

As the current Philadelphia Board of Ethics approaches its tenth anniversary, I am especially proud to present this Fiscal Year 2016 Annual Report to the Mayor, City Council and the citizens of Philadelphia. The first members of the Board of Ethics were sworn-in at the National Constitution Center on November 27, 2006. Since its inception, the Board, supported by a hard-working and dedicated staff, has strived to make a positive difference in the ethical and political life of the City. This Report describes the important work that the Board performs and the central role that it plays in assuring compliance with the City's Public Integrity Laws.

As part of its work during the past year, the Board entered into more than 40 settlement agreements concerning violations of the Public Integrity Laws, including non-filing and late filing of reports required by the Campaign Finance Law and for violations of the political activity restrictions in the Home Rule Charter. These settlement agreements and the Board's first decision in an administrative adjudication received attention in the news. What does not get reported in the press is the volume of formal and informal advice given to City employees, individuals and entities subject to the Public Integrity Laws and the variety and number of training sessions and outreach efforts conducted by the Board staff members. This Annual Report aims to give a sense of the significance of the Board's publicly visible accomplishments and its every-day work during the past year.

I would like to thank my fellow Board members for their faithful and diligent attention to the Board's work and for being so generous with their time. On behalf of my fellow Board members, I would also like to thank the Board's staff for their enthusiasm and dedication in performing their tasks.

We look forward to continuing to serve Philadelphia and its citizens by promoting honesty, integrity and transparency in the governance of our great City.

Michael H. Reed, Esq., Chair
Philadelphia Board of Ethics

Current Board Members



Michael H. Reed, Esq., Chair, is special counsel in the Philadelphia office of Pepper Hamilton LLP where he is a member of the firm's Corporate Restructuring and Bankruptcy Practice Group. He is a member of Temple University's Board of Trustees and Vice Chairman of the Board of Trustees of the Academy of Natural Sciences of Drexel University. Mr. Reed is a 1969 graduate of Temple University (B.A. Pol. Sci) and received his J.D. from Yale Law School in 1972. He has been associated with the firm of Pepper Hamilton LLP since 1972. Mr. Reed is a past President of the Pennsylvania Bar Association and is the State Delegate for Pennsylvania in the ABA House of Delegates, having previously served on the ABA's Board of Governors. Mr. Reed was previously a member of the Pennsylvania Judicial Inquiry and Review Board and chaired the Professional Guidance (Ethics) Committee of the Philadelphia Bar Association. Prior to being selected as Chair, Mr. Reed served as Vice-Chair of the Board of Ethics. His term runs until November 2020.



Judge Phyllis W. Beck (Ret.), Vice-Chair, served 25 years on the Superior Court of Pennsylvania. She was the first woman elected to that office. Before becoming a judge, she spent many years in private practice and she served as a vice dean of the University of Pennsylvania Law School. After retirement from the Superior Court, she was general counsel of The Barnes Foundation, served as a mediator for the Superior Court, and now serves as a mediator and arbitrator. Judge Beck is the Chair of the Independence Foundation, President of the Beck Institute for Cognitive Therapy, Chair of the Advisory Committee of Pennsylvanians for Modern Courts, and is a member of the Board of Directors for the Free Library of Philadelphia. Her term on the Board runs until November 2017.



JoAnne A. Epps, Esq., is Executive Vice President and Provost of Temple University. Prior to her July 2016 appointment, Ms. Epps served as Dean of Temple Beasley School of Law since 2008. She has been a member of the faculty for more than 30 years and will continue teaching first-year law students. Ms. Epps received her B.A. from Trinity College in Hartford, Connecticut in 1973 and is a 1976 graduate of Yale Law School. In 2016, Ms. Epps was a recipient of the American Bar Association's Spirit of Excellence Award presented by the ABA's Commission on Racial and Ethnic Diversity in the Profession. In 2015, Ms. Epps was awarded the M. Ashley Dickerson Award by the National Association of Women Lawyers, which recognizes an individual "who has promoted and advanced diversity in the legal profession." A three-time honoree by *Lawyers of Color Magazine* as one of the 100 most influential black lawyers in the country, Ms. Epps was also named by *National Jurist Magazine* in 2013, 2014 and 2015 as one of the 25 most influential people in legal education. She serves as the court-appointed monitor in the settlement of *Bailey v. City of Philadelphia*, a lawsuit challenging the city's stop and frisk activity, and as Chair of Philadelphia's Police Community Oversight Board. Ms. Epps' term on the Board runs until November 2019.



Sanjuanita González, Esq., practices in the areas of Immigration and Social Security Disability law at Sanjuanita González Law Firm, a Center City Philadelphia law firm. Ms. González is a former President of the Council of Spanish Speaking Organizations (Concilio), the oldest Latino community based organization in Pennsylvania. She previously served on the Board of Governors of the Philadelphia Bar Association. Ms. González is a member of the American Immigration Lawyers Association; the Philadelphia Bar Association; the Hispanic Bar Association; and the National Organization of Social Security Claimants' Representatives. Ms. González's term on the Board runs until November 2018.



Brian J. McCormick, Jr., Esq., is a trial lawyer at Ross Feller Casey, LLP in Philadelphia. He has a national practice that includes pharmaceutical injury and products liability mass tort litigation, as well as representing whistleblowers in *qui tam* and fraud actions involving the waste of government funds and resources. Mr. McCormick received his J.D. from Rutgers University School of Law and is a graduate of the University of Richmond. Before being appointed to the Board of Ethics, Mr. McCormick was selected by Philadelphia Mayor Michael Nutter to serve on the Mayor's Task Force for Campaign Finance and Ethics Reform, which produced a final report in late 2009. A number of the recommendations in that report have been enacted in Philadelphia. Mr. McCormick formerly served as a member of The Committee of Seventy, the Philadelphia nonpartisan watchdog group. Before attending law school, Mr. McCormick served as an analyst with the FBI in its Philadelphia office, and also worked as a newspaper reporter in the Philadelphia area. Mr. McCormick's term on the Board runs until November 2016.



Swearing-in Ceremony on January 20, 2016 for Chair Reed by the Honorable Sheila Woods-Skipper upon his reappointment to the Board. Pictured are (l-r): Board Member Sanjuanita González, Board Member Joann A. Epps, Chair Michael H. Reed, Judge Woods-Skipper, Vice-Chair Judge Phyllis W. Beck (ret.), and Board Member Brian J. McCormick.

Message from the Executive Director



Something extraordinary has happened in Philadelphia since the original members of the Board of Ethics were sworn in at the National Constitution Center on November 27, 2006. In the span of ten years, Philadelphia has transitioned from having no City-wide ethics program to having one of the strongest municipal ethics programs in the country. How did this happen?

First, it took political will by City Council and the Mayor to establish the Board as an independent City agency with the mandate to administer, interpret and enforce the City's Public Integrity Laws. It also took the tireless leadership of many volunteer Board members who have served with distinction over the years, and a dedicated, professional staff to implement the independent decisions and actions of the Board. The results are impressive.

As detailed in this Report, in FY 2016, Board staff responded to 2,056 informal guidance requests and provided ethics training to nearly 1,200 City officers and employees. Public disclosures in that same time frame have been substantial. The City had over 1,500 unique campaign finance report filers two weeks before the 2015 Primary Election and over 1,800 unique filers thirty days after the Primary. Through the first two quarters of 2016, there have been 196 lobbying registrations and more than \$14 million spent on direct and indirect lobbying efforts was disclosed. Also in FY 2016, almost 4,500 financial disclosure statements were filed of which nearly 95 percent were filed electronically. The electronic campaign finance and lobbying systems did not even exist ten years ago, and each of the three electronic disclosure systems has now been fully implemented and improved. The result is easy public access to significant information about City political and governmental processes.

In addition to all the training, advice and electronic disclosures, in FY 2016 the Board also approved 41 settlement agreements, which represent nearly 40 percent of all settlement agreements approved in the past ten years.

Looking ahead, the Board's biggest challenge continues to be its increasing responsibilities with stagnant funding. Hopefully, this challenge will diminish over time with modest funding increases. Until that happens, the Board will continue to make its best efforts to fulfill its broad mandates.

J. Shane Creamer, Jr., Esq.
Executive Director
Philadelphia Board of Ethics

Current Board of Ethics Staff Members

J. Shane Creamer, Jr. has been Executive Director to the Philadelphia Board of Ethics since it was reconstituted in November 2006. Previously, he served as the Executive Director of the City's advisory Board of Ethics, and was Assistant Secretary of Education and Assistant Managing Director for the City of Philadelphia. Before joining City government, he was a partner with Duane, Morris & Heckscher. Mr. Creamer served as a member of the Steering Committee of the Council on Governmental Ethics Laws (COGEL). A Philadelphia native, Mr. Creamer is a graduate of Gettysburg College and Villanova University School of Law.

Tina Simone has been a member of the Board's staff since March 2007. She serves as the Board's Legal Support Services Coordinator. A Philadelphia native, she graduated from St. Hubert's High School and has worked in City government since 1997 with the Law Department, Mayor's Office, and City Council.

Nedda Gold Massar is Deputy Executive Director of the Board of Ethics. Prior to her appointment to that position in November 2007, for more than 21 years she was a staff member of the New Jersey Election Law Enforcement Commission (ELEC) where she served ELEC as a staff attorney, the Director of the Gubernatorial Public Financing Program, Deputy Legal Director, and Legal Director. Ms. Massar is a past president of the Council on Governmental Ethics Laws (COGEL). She is a graduate of the University of Pennsylvania and Rutgers Camden School of Law.

Maya Nayak was appointed as the Board's General Counsel in 2013. She had served as the Board's Associate General Counsel since 2008. Previously, Ms. Nayak was a litigation associate with Hangley Aronchick Segal & Pudlin and was a law clerk to the Honorable Berle M. Schiller in the U.S. District Court for the Eastern District of Pennsylvania. She holds undergraduate and law degrees from Yale University.

Michael J. Cooke, Director of Enforcement, joined the Board in April of 2008. Mr. Cooke was formerly an associate at the Philadelphia firm Burke O'Neil LLC and a Staff Attorney at the Pennsylvania Institutional Law Project. Mr. Cooke graduated from Northeastern University School of Law in 2002.

Hortencia Vasquez joined the Board in 2008 and is the Board's Legal Services Clerk. A native of the Virgin Islands, she came to Philadelphia 11 years ago and attended Cite Business School, taking computer-related courses. Before joining the Board, she was an intern with the Police Advisory Commission. She is bilingual in Spanish and English.

Bryan McHale joined the Board in September 2012 as a Public Integrity Compliance Specialist. He is currently the Board's Public Integrity Compliance Services Supervisor. A Philadelphia native, he holds a bachelor's degree in political science from Temple University. He has worked for the U.S. Census Bureau and the Internal Revenue Service and prior to joining the Board was a facilitator at public meetings for the Penn Project for Civic Engagement.

Jordan E. Segall joined the Board in July 2014 as a Staff Attorney. Before joining the Board, Mr. Segall served as a Senior Investigator for the Office of the Inspector General for the City of Philadelphia. He is a native of Baltimore, MD and a graduate of the American University in Washington, D.C. and the University of Pittsburgh School of Law.

Diana Lin, Associate General Counsel, joined the Board's staff in June 2015. Diana was formerly an associate at Cozen O'Connor in the commercial litigation department. She is a graduate of Temple University Beasley School of Law, Harvard Graduate School of Education and Yale University.

Thomas E. Klemm joined the Board in November 2015 as a Staff Attorney. Before joining the Board's staff, Mr. Klemm was a litigation associate at White and Williams, LLP specializing in reinsurance and insurance-related disputes. He is a native of the Washington, D.C. metropolitan area and is a graduate of St. Mary's College of Maryland and the George Washington University Law School.

Eileen Donnelly joined the Board of Ethics in June 2016 as an Administrative Technical Trainee. She is in training to serve as a Board of Ethics Public Integrity Compliance Specialist. A Philadelphia native, she holds a bachelor's degree in business/organizational management from Gwynedd Mercy University. She has worked for the City of Philadelphia since August 1997 in various administrative roles. Prior to joining the Board of Ethics, Eileen was an Executive Secretary to the Deputy Commissioner of Technical Services in the Philadelphia Fire Department.

Training and Outreach

The legislation creating the current, independent Board of Ethics gave the new agency an unprecedented mandate to provide ethics training to all City officers and employees. It would have been impossible for the Board's two staff members ten years ago to fulfill this training obligation for all City employees without the support of the City's Human Resources Department and cooperation of many City departmental trainers. As reported in the Board's 2007 Annual Report, the Board supervised preparation of ethics curriculum training materials, which were then presented over a period of 18 months by departmental trainers to City officers and employees in all departments and agencies.

Since accomplishing the initial training of more than 25,000 City employees, the Board has focused on mandatory ethics training for new City employees, and Board staff members now conduct the majority of these classes. In addition, as required by the City Code, Board staff conducts mandatory ethics training for the members of all City boards and commissions. But, the Board's training activity has not been limited to ethics training. Early in its existence the Board recognized that training about all Public Integrity Laws, not just the ethics rules, is the most effective way to achieve honesty and integrity in City government. When City officers, employees, and the regulated community know how the Public Integrity Laws apply to them, and when they know that they can receive Board advice to comply with those laws, they will be able to avoid violations of the laws. The Board therefore continues to look for every opportunity and method available to expand its training and outreach.

In addition to staff members who conduct training and outreach sessions, other staff members review and update training materials and improve the information posted on the Board's website. Another important, but less visible, component of the Board's training and outreach efforts is the assistance that staff members provide to members of the public who wish to locate materials on the Board's website or to search the complex online campaign finance and lobbying databases.

Campaign Finance Training and Outreach

Because the Mayor's office, all City Council seats, the City Commissioners' offices, and the Sheriff's office were on the 2015 General Election ballot, the Board offered five Campaign Finance training sessions in September and October 2015. More than 70 people attended the classes, two of which were devoted to the significant changes to the Campaign Finance Law that became effective on July 1, 2015 and to the "nuts and bolts" of the mandatory electronic filing process. The three other classes, which were presented with a representative of the Office of the City Commissioners, covered the requirements for candidates and political committees under the Pennsylvania Election Code and Philadelphia's Campaign Finance Law.

Email alerts on important issues and frequent email reminders of filing dates and requirements were used in addition to the in-person classes to provide maximum notice to candidates, treasurers and committees about campaign finance filing obligations. The Board understood that training and outreach for the 2015 General election would be especially important because

the July 1, 2015 amendments to the Campaign Finance Law added new pre-election reporting requirements for City candidates and any political committees that make or incur expenditures to influence City elections. The amendments also imposed new reporting requirements on any person, which includes political committees and not-for-profit organizations, that makes or incurs expenditures for electioneering communications in excess of \$5,000 in the 50 days before an election.



Board of Ethics staff participate in 2015 Integrity Week outreach program regarding the City's Campaign Finance Law: *Turning the Lights on Dark Money* (November 18, 2015). Pictured are (l-r): WHYY reporter Dave Davies, Mayor Michael Nutter, then Chief Integrity Officer Stephanie Tipton, and Board of Ethics Director of Enforcement Michael Cooke.

On-going Ethics Training

Board of Ethics staff members are constantly involved in scheduling, designing, revising and presenting in-person ethics training sessions because ethics training is mandatory for all new City officers and employees, and certain officers and employees and board and commission members are required to attend annual ethics training. Between July 2015 and June 2016, Board staff members conducted 45 ethics training classes that were attended by almost 1,200 City officers and employees. This training activity represents a 37 percent increase over the 28 classes in 2015 and more than a 70 percent increase in the number of attendees.

Board staff anticipated this increased demand for ethics training in 2016 as the new City administration hired employees and made new appointments to City boards and commissions. The increase in the number of classes and attendees in the past 12 months appears to confirm that prediction. Board staff conducted several of the ethics training classes in early 2016 in conjunction with Chief Integrity Officer Ellen Mattleman-Kaplan and Deputy Chief Integrity Officer Stephanie Tipton.

Training Progress

Board of Ethics staff members are participating in a major training-related initiative. The City's Office of the Chief Administrative Officer, is implementing an online Learning Management System (LMS) to organize, present and track all City training activity. We are especially enthusiastic because the LMS will ultimately permit the Board to realize its long-held goal to offer online ethics training courses.

Many City departments currently conduct a wide variety of training programs for City employees. Some classes are mandatory, like ethics training for all City employees, and others are voluntary. Some classes are open to employees in all departments, like the Board's ethics training, and some are limited to employees in a specific department or unit. Finally, some training is directed at individuals who are not City employees, like ethics training for board and commission members. Keeping track of attendance and managing all of this training activity throughout City agencies and departments is currently done through a maze of department-specific systems, some of which are still paper records. There are currently records of ethics training attendance in multiple places: the Board keeps records; some departments keep their own records; and Central Human Resources keeps records. The LMS will consolidate these records and will enable our small staff to expand the content and reach of training.

Three Board staff members are participating in the LMS Pilot Project along with representatives from the Human Resources, Health, Streets, Fire and Risk Management Departments. The goal of the Pilot Project is to create and test a system that will simplify all aspects of training. The immediate benefits to the Board in the first phase will be unified training records, maintenance of class registration and waiting lists, and the ability to send reminder emails for the Board's schedule of in-person, instructor-led ethics and campaign finance training classes.

In a later phase, Board staff expects to design and offer online ethics and lobbying training classes. This project is important to the Board's training mandate because it will maximize staff resources while allowing the Board to reach a larger number of individuals with training. Online ethics training is especially important for the members of City boards and commissions who are subject to an annual ethics training requirement. Most of these individuals are not City employees and many find it difficult to attend ethics training during the work day. Because a board or commission member will be able to take an online course at any time and from any location, online training is especially effective for these individuals.

Advice

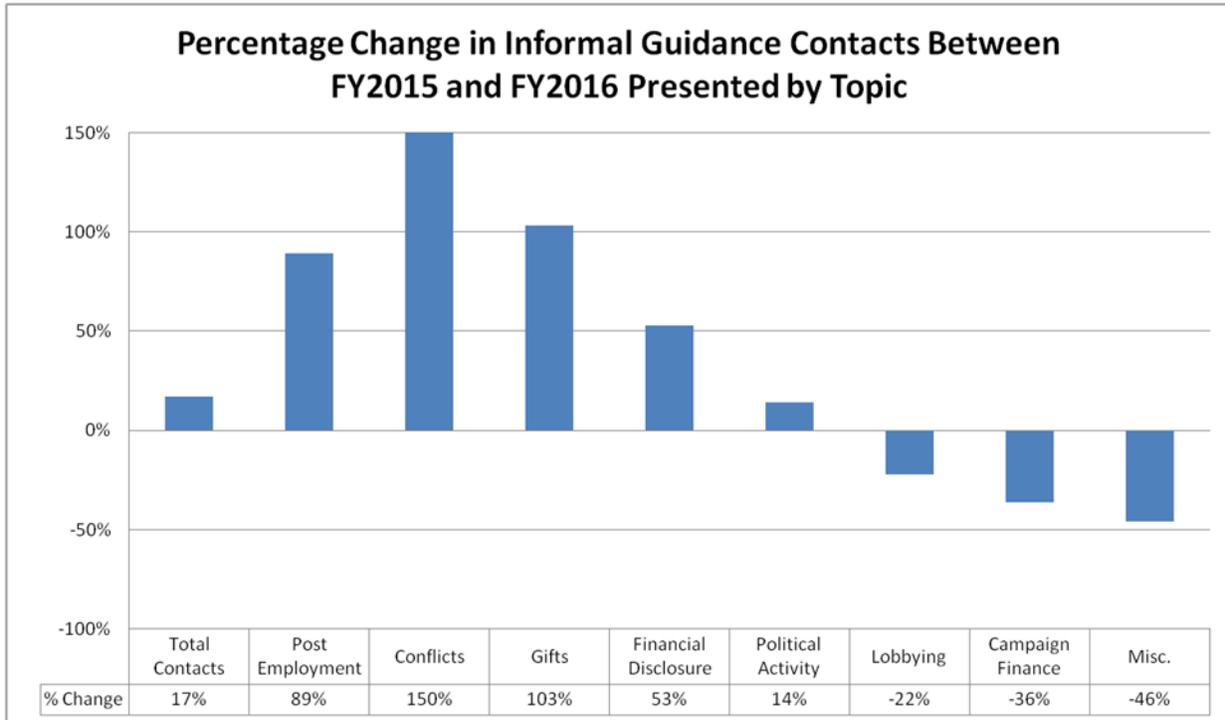
The Board's advice function is a frequently-used resource. The Board is charged with providing advice to current City officers and employees, former City officers and employees, candidates for City elective office, campaign contributors, political committees, lobbyists, principals and gift givers. In FY 2016, a change in Mayoral administrations and Philadelphia hosting the Democratic National Convention drove a large number of requests for ethics, political activity, and financial disclosure guidance. Board staff recorded 2,056 informal guidance contacts in FY 2016, which reflects a high demand for the Board's advice. Topics that showed an increase in this fiscal year as compared to the prior fiscal year include political activity (14 percent increase), financial disclosure (50 percent increase), post-employment (89 percent increase), gifts (103 percent increase), and conflicts of interest (150 percent increase). The first chart on the next page demonstrates the percentage change in informal guidance contacts between FY 2015 and FY 2016 broken down by topic.

Notably, the Board provided proactive guidance about the Charter political activity restrictions in advance of Philadelphia hosting the Democratic National Convention in July of 2016. The Board issued two Advisory Alerts to City employees by e-mail in March that provided guidelines for permissible and prohibited activities for Convention-related volunteering. One Alert addressed appointed employees in the Executive and Administrative Branch, and the second Alert addressed employees of City Council who are subject to different political activity restrictions. Board Staff worked closely with the non-profit Philadelphia 2016 Host Committee to gather the complex facts relevant to Convention-related volunteer opportunities. As a result of this collaboration, the Host Committee modified its online volunteer registration portal to create a "City Volunteers" option, which provided City employees an easy path to comply with the political activity restrictions.

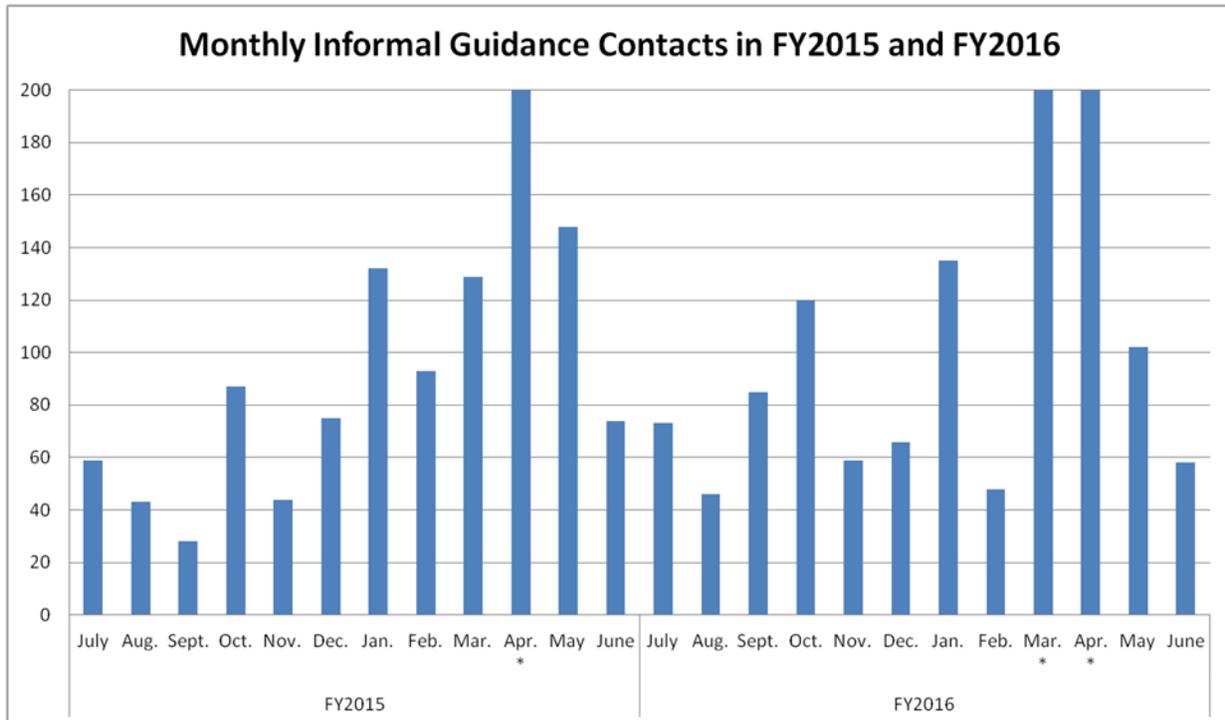
In recent years, Board staff has strived to make guidance increasingly accessible to requestors. Informal guidance is available by phone, by email, and in person. Board staff endeavors to deliver informal guidance in understandable language and as quickly as possible. The second chart on the next page shows monthly informal guidance contacts in FY 2015 and FY 2016 and demonstrates requestors' extensive use of the Board's advice function.

The Board also provides advice to the regulated community via advisory opinions. Advisory opinions are written opinions that offer a detailed analysis of the application of the Public Integrity Laws to specific facts provided by a requestor regarding prospective behavior that the requestor is contemplating. Requestors are entitled to act in reasonable reliance on advisory opinions issued to them and not be subject to penalties under the laws within the Board's jurisdiction as long as they have not omitted or misstated material facts. Requestors can choose to receive non-public advisory opinions that are then published in redacted form to conceal facts that are reasonably likely to identify the requestor.

Detailed descriptions of the five advisory opinions issued from June 2015 through July 2016 are provided in this Annual Report at Appendix I. Of these, three were Board Opinions, which are advisory opinions that are approved and issued directly by the Board. In contrast to General Counsel Opinions, Board Opinions generally address novel questions that have not been previously addressed. All advisory opinions are available on the Board's [website](#).



* The high volume of financial disclosure assistance provided during these months does not map to the



scale of the chart, which extends only to a maximum of 200 guidance contacts. In April 2015, there were 849 total informal guidance contacts. In March and April 2016, there were a total of 355 and 909 informal guidance contacts, respectively.

Lobbying in Philadelphia

The City's Lobbying Law, City Code Section 20-1200, provides the public with a view into the lobbying activities by various entities directed towards government officials and employees in order to shape administrative or legislative decisions. In 2016, the Board entered its third calendar year with the online Philadelphia Lobbying Information System (PLIS) in place for filing lobbying information by lobbyists, lobbying firms, and principals as mandated by the Philadelphia Lobbying Law. PLIS is also the portal through which the public may search for information concerning lobbying activity in the City.

Lobbying Registrations

Lobbying registration in Philadelphia is conducted on an annual basis. Therefore the number of registered lobbyists, firms and principals can change from year-to-year depending on what issues or projects are being considered for legislative or administrative action at that time. Through the first two quarters of 2016 there have been 196 registrations filed by lobbyists, lobbying firms, and principals. 2016 is shaping up to be the first year when the number of lobbyist registrations exceeds the number of principal registrations.

Lobbying Communications

There are two types of lobbying communications that are reported each quarter, those for Direct Communications and those for Indirect Communications. Direct lobbying communications include, but are not limited to, written, in-person, telephone, and email contacts between a lobbyist or principal and a City official or employee to affect legislative action or administrative action. Indirect lobbying communications occur when a lobbying entity makes an effort to encourage others, including the general public, to take action that is intended to directly influence legislative action or administrative action. Examples of indirect lobbying methods include letter-writing campaigns, mailings, telephone banks, print and electronic media advertising, billboards, publications and educational campaigns on public issues.

The impact of high-profile City-wide issues on lobbying activity can be seen in lobbying spending to date in 2016. In the first two quarters of 2016, reported lobbying expenditures on both direct and indirect communications were \$14,414,861. Thus, 2016 has already seen more than twice as much spent in the first two quarters of the year on lobbying communications as in the entirety of 2014 and 2015 combined due to indirect communications, primarily electronic ad campaigns, used by advocates for and against the soda tax during the Spring. This is similar to the spike in activity that occurred with indirect communication expenditures in the fourth quarter of 2014 by advocates for and against the sale of PGW.

Figure 1.A

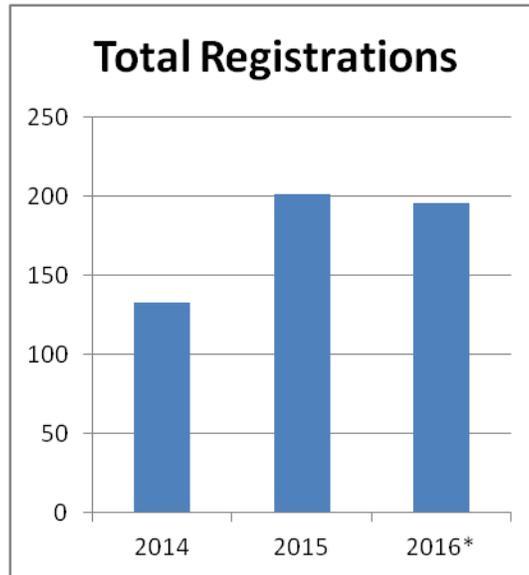
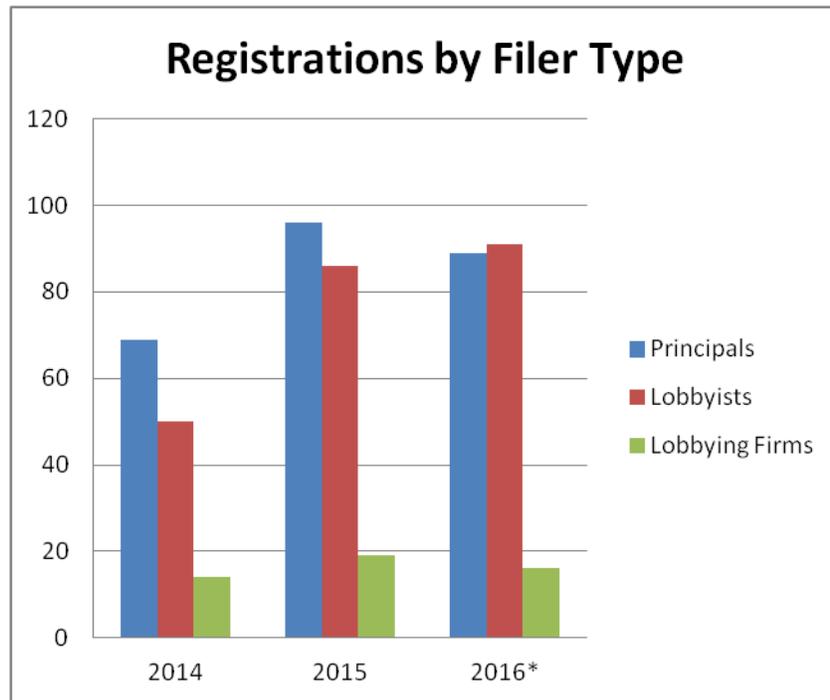


Figure 1.B



Figures 1.A and 1.B, (above), compare the number of registrations filed in PLIS from the system's launch in January of 2014 through the end of the second quarter of 2016. (*) Lobbying registration is on an annual basis, and new and renewed registrations may be submitted throughout the course of a calendar year.

Figure 2.A

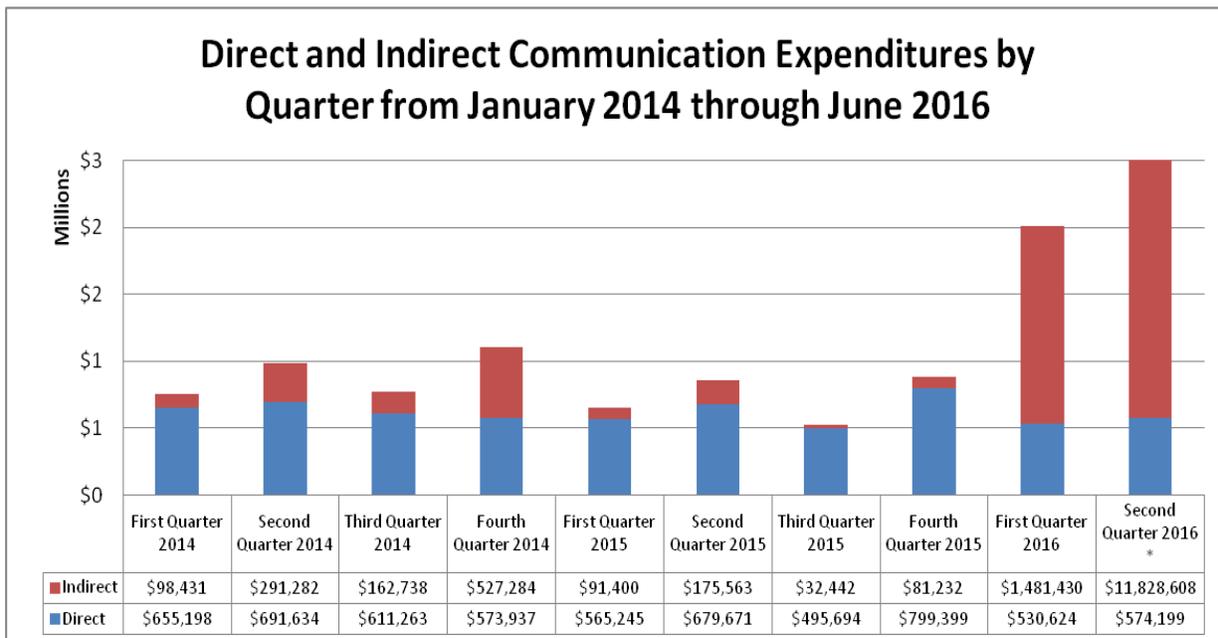
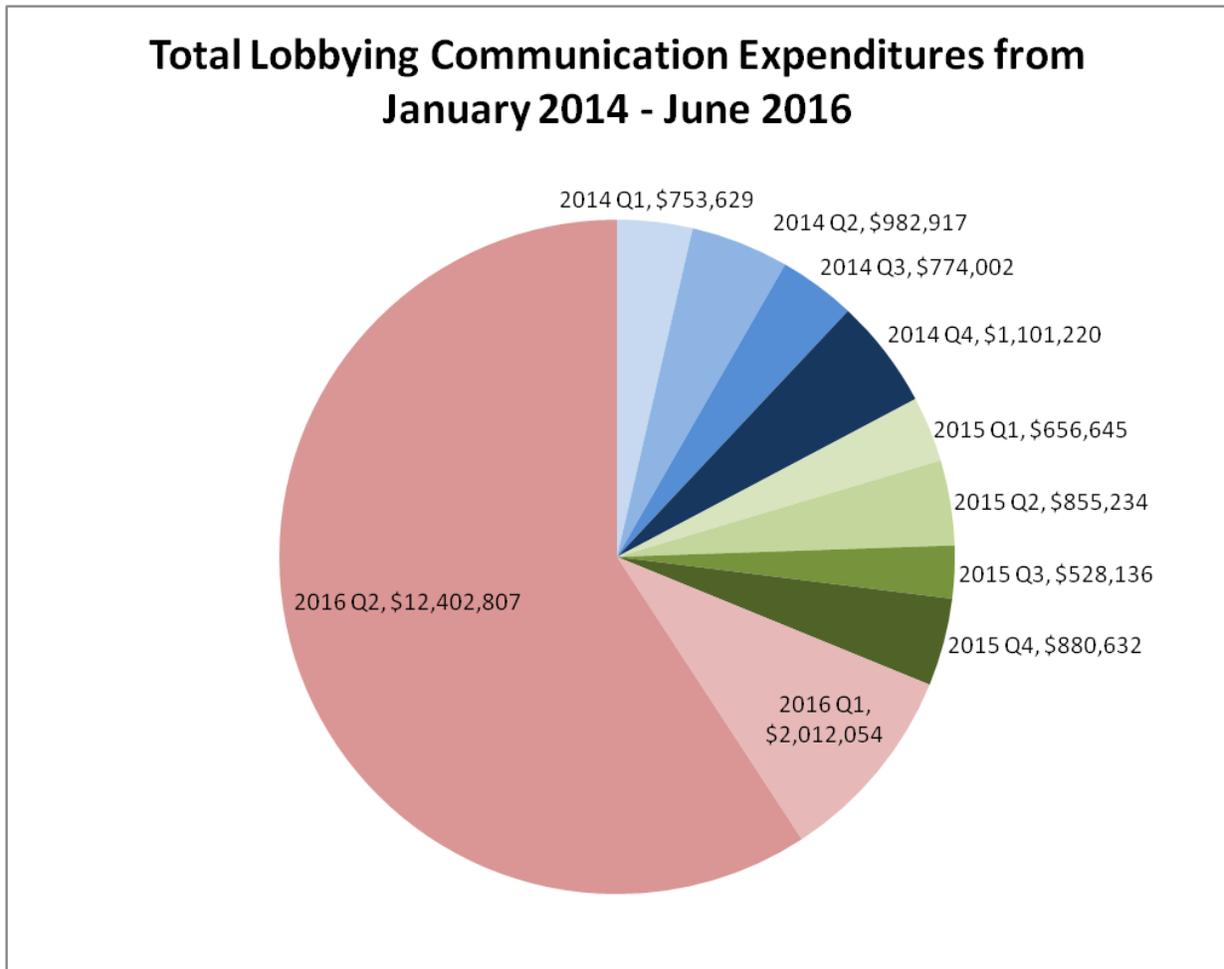


Figure 2.A (above) shows total reported expenditures by quarter on direct and indirect communications between January 1, 2014 and June 30, 2016. (*) Note that the total expenditures for the second quarter of 2016 were \$12,402,807. Due to the high total, the second quarter of 2016 does not map to the scale of the chart, which extends only to a maximum of \$3 million.

Figure 2.B



The total spent on lobbying communications reported in PLIS between January 1, 2014 and June 30, 2016 is currently \$20,947,276. Figure 2.B (above) shows the proportion of that total that was spent in each of the ten quarters between January 1, 2014 and June 30, 2016. Of the \$20,947,276 total, 59 percent was spent in the second quarter of 2016 alone, primarily in relation to the soda tax.

Financial Disclosure

To promote transparency in City government and to ensure that no conflict exists between an individual's City responsibilities and his or her personal financial interests, thousands of City officers and employees and the members of City boards and commissions are required to file one or more of three annual financial disclosure statements. While there are differences among the three forms, filers generally disclose sources of income and other financial interests. In most years, the deadline for filing financial disclosure statements is May 1, but the 2016 reports were due on May 2, 2016 because May 1 fell on Sunday.

Whether an individual City officer, employee or board or commission member files the City Form (required by the City Ethics Code), the Mayor's Form (required by Mayoral executive order), or the State Form (required by the State Ethics Act) depends upon that person's position and job responsibilities or specific board or commission membership.

All financial disclosure statements are required to be filed with the City Records Department, which maintains the City's online financial disclosure electronic filing system. City officers, employees and board and commission members are encouraged to use the online filing system rather than filing paper reports. This year almost 4,500 financial disclosure statements were filed of which 95 percent were filed electronically. This is a significant increase over the 87 percent of electronically-filed disclosure statements in the last cycle. Electronically-filed reports save paper and reduce the time necessary to process the information.

The Financial Disclosure process is successful because of the joint efforts of the Records and Human Resources Departments and the Board of Ethics. From January through May of each year, as many as five of the Board's eleven staff members are involved on any given day in the tasks necessary to implement the financial disclosure process. These tasks include assisting filers by phone, email and in-person with technical and reporting questions. Board staff members work hand-in-glove with the City Records Department to upgrade and improve the online financial disclosure system and with the City's Human Resource Managers who work directly with City employees who are required to file financial disclosure statements.

The Board again relied on the Office of Human Resources to email financial disclosure reminders to thousands of current City officers and employees. Board staff issued email reminders to hundreds of members of City boards and commissions and mailed letters to almost 700 employees who left City government during the past year, but still have to file one last time. Each set of reminders triggers phone calls to our office with two consistent themes: callers wanted to know why they had to file and how to use the online system.

The Board again wishes to thank the Records Department for providing financial and staff resources for an in-person Financial Disclosure Filer Support Center. The Support Center was available this year during the two weeks before the May 2, 2016 filing deadline and provided invaluable technical assistance to individuals who needed help to file reports using the online system.

Enforcement

2007-FY 2016 Enforcement Overview

The Board of Ethics is responsible for enforcing the City's Public Integrity Laws and is required to include information concerning its enforcement activities in its Annual Report.

The Board's Executive Director can initiate an investigation either upon receipt of a complaint or a referral or if he determines that a potential violation of a law within the Board's jurisdiction has occurred. Upon completion of the investigation, if the Executive Director finds probable cause to believe a violation has occurred, he can initiate an enforcement action. If, after conducting an investigation, the Executive Director does not find probable cause, he will terminate the investigation. Similarly, the Executive Director will reject a complaint that does not state a potential violation of a law within the Board's jurisdiction.

At any point, the Executive Director can seek to resolve a matter through a settlement agreement. In a settlement agreement, subjects of enforcement admit to violations and, in most cases, agree to pay a civil monetary penalty.

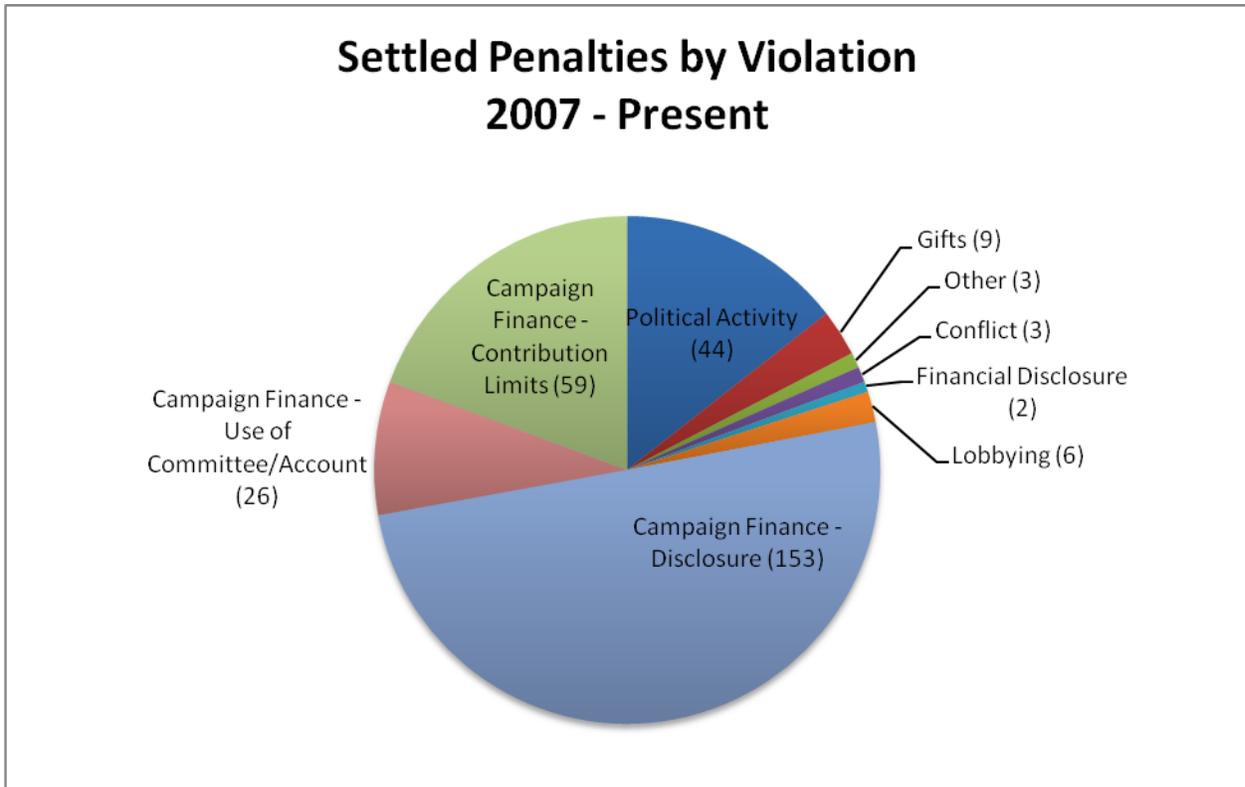
The table below summarizes the Board's investigation and enforcement activity since 2007:

	Investigations Opened	Investigations terminated, no probable cause	Complaints accepted	Complaints rejected	Enforcement actions initiated	Settlements
Total	181	103	29*	84	21	104
FY 2016	30	19	7	14**	2	41
FY 2015	32	8	5	14	2	13
FY 2014	13	8	6	7	0	4
2012/ FY2013	13	7	3	5	0	13
2011	54	26	8	12	11	15
2010	0	24	0	12	1	2
2009	25	6	*	11	3	10
2008	14	5	*	9	1	3
2007	N/A	N/A	*	N/A	1	3

*Board enforcement staff only began tracking complaints accepted starting with FY 2010.

** In FY 2016, Board enforcement staff received 4 anonymous complaints and 1 referral from another governmental entity that it did not pursue because they did not state potential violations of the City's Public Integrity Laws.

The chart below depicts the 305 violations that have been resolved through the settlement agreements the Board has approved since the Board's inception, which has resulted in \$362,459 in civil monetary penalties:



FY 2016 Enforcement Activity

Administrative Adjudication

The Board is authorized by the Philadelphia Home Rule Charter and the Philadelphia Ethics Code to conduct hearings to adjudicate alleged violations of the City's Public Integrity Laws. The administrative enforcement process is confidential until there is a final determination issued by the Board, at which point, the final determination is made public.

In FY 2016, the Board issued its first ever Final Determination and Order in an administrative adjudication. In the matter of *J. Shane Creamer, Jr. v. Tracey Gordon*, the Board found a total of six violations by the Respondent and ordered her to pay a total civil monetary penalty of \$2,201.

Three of the Respondent's violations resulted from the fact that, while employed as a Deputy City Commissioner, the Respondent twice solicited and once accepted payment for assistance she had provided in the course of her work for the City, in violation of the gratuity prohibition in Home Rule Charter Section 10-105.

The Board also found that the Respondent violated the Home Rule Charter's political activity restrictions by using her City position for a political purpose by requesting that a subordinate become an officer of a political party, and by creating and posting a public calendar entry for a Democratic City Committee fundraiser. The Board determined that the Respondent had not committed a third alleged violation of the Charter's political activity restrictions.

Lastly, the Board found that the Respondent obstructed a Board investigation by threatening and influencing a potential complainant and witness and by destroying evidence, in violation of Ethics Code Section 20-606(2).

A copy of the Final Determination and Order, along with the filings and transcript of the administrative enforcement proceeding, is available on the Board's [website](#).

Settlement Agreements

In FY 2016, the Board approved 41 settlement agreements. Twenty-nine of the agreements related to the failure to file campaign finance reports as required by the City's Campaign Finance Law. Sixteen of the agreements addressed other violations of the Campaign Finance Law such as excess campaign contributions; material misstatements and omissions in campaign finance reports; and misuse of political committees. Four of the agreements involved violations of the Charter's restrictions on political fundraising and political activity.

In FY 2016, parties to settlement agreements agreed to pay a total of \$82,150 in civil monetary penalties. In addition, in FY 2016, parties to settlement agreements agreed to disgorge to the City \$16,100 in excess contributions accepted by candidates for City elective office. Further, in FY 2016, a party to a settlement agreement agreed to segregate \$4,600 of excess pre-candidacy contributions.

Lastly, in FY 2016, parties to settlement agreements also agreed to take remedial action such as attending ethics training, amending campaign finance reports filed with the Board, and agreeing to enhanced monitoring by Board enforcement staff. All of the Board's settlement agreements are available on the Board's [website](#).

Terminated Investigations

In FY 2016, Board enforcement staff terminated 19 investigations after determining that probable cause did not exist to believe a violation had occurred. Of those investigations:

- ◇ Ten involved potential violations of the City's Campaign Finance Law;
- ◇ Four involved potential violations of the Charter's restrictions on political fundraising and political activity;
- ◇ Two involved potential violations of Philadelphia Code Chapter 17-1400's disclosure requirements for non-competitively bid contracts and financial assistance;
- ◇ One involved potential violations of the Ethics Code's financial disclosure requirements;

- ◇ One involved potential violations of the Ethics Code’s requirement of mandatory cooperation with Board investigations; and
- ◇ One involved potential violations of the Ethics Code’s *ex parte* communication prohibition.

2015 Campaign Finance Compliance

As previously described in the Board’s FY 2015 Annual Report, Board enforcement staff devoted a significant amount of time to ensuring that candidates, political committees, and others complied with the City’s Campaign Finance Law during the 2015 Philadelphia Primary and General Elections. In the Board’s FY 2015 Annual Report, the Board reported settlement and enforcement activity through September 30, 2015 in order to give a complete and up to date review.

This campaign finance compliance initiative continued into FY 2016. The bulk of enforcement in FY 2015 and FY 2016 consisted of confirming entities filed campaign finance reports with the Board as required by the City’s Campaign Finance Law. Board enforcement staff also pursued enforcement of violations of the City’s Campaign Finance Law such as excess campaign contributions; material misstatements and omissions in campaign finance reports; and misuse of political committees. The chart below summarizes Board enforcement staff’s compliance work for FY 2015 and FY 2016, which resulted in 56 Board-approved settlement agreements.

Time Period	Number of Board Approved Settlements Involving Non-Filing	Number of Board Approved Settlements Involving Single Committee Violations	Number of Board Approved Settlements Involving Excess Contributions	Number of Board Approved Settlements Involving Material Misstatements and Omissions
FY 2015	7	0	2	2
FY 2016	29	3	5	8
Total	36	3	7	10

Parties to settlement agreements resolving violations for campaign finance violations related to the 2015 Primary and General Elections agreed to pay a total of \$98,750 in civil monetary penalties. Additionally, parties to settlement agreements agreed to disgorge to the City \$43,350 in excess contributions accepted by candidates for City elective office and to defray Board investigative costs. Parties to settlement agreements also agreed to segregate \$71,427 in excess pre-candidacy contributions. All of these settlement agreements are available on the Board’s [website](#).

Litigation

The Board was not a party to any litigation in FY 2016.

FY16 Fiscal Report

In addition to filing an annual report of its activities, the Board is required by Home Rule Charter Section 3-806(k) to provide an annual accounting of its expenditures. As reported below, the Board spent a total of \$921,399 between July 1, 2015 and June 30, 2016.

Class	FY 2016 Appropriation	FY 2016 Total Spent
100 – Salaries	\$956,989	\$861,388*
200 – Purchase of Services	\$96,000	\$49,002
300/400 – Materials, Supplies & Equipment	\$14,000	\$11,009
Total:	\$1,066,989	\$921,399

*adjusted for rounding

Two major factors contributed to spending below the Board's FY 2016 total appropriation.

1. Unavoidable delays in filling positions affected Class 100. The process to fill two vacant Civil Service positions has taken longer than expected, and one of those positions was filled late in FY2016. Filling the remaining vacant position is a priority for FY 2017. Once that position is filled, the Board will reach its full budgeted complement of 12 staff members. Further, additional Class 100 funds were not spent in FY 2016 because it was necessary to recruit a candidate to fill a vacancy created by the resignation of an exempt staff member. Spending in Class 100 during FY 2016 was therefore less than the appropriated amount.

2. Approximately 50 percent of the funds in the Board's Class 200 appropriation remained unspent in FY 2016. The Board is responsible for administration, implementation and enforcement of the City's Public Integrity Laws, which include the laws governing Ethics, Campaign Finance, Lobbying, and Financial Disclosure. Months before the start of a fiscal year, the Board must predict its need for Class 200 funds to purchase two types of professional services directly related to its responsibilities: for accounting, computer and other forensic professional services related to complex investigative matters, and for professional information technology services that are outside the scope of the maintenance contract for the statutorily-mandated online lobbying registration and reporting system. The need for these services did not arise in FY 2016.

The Board remains aware, however, that while it did not spend all of the Class 200 funds appropriated in FY 2016, it is foreseeable that costs of a major investigative matter or the need to adapt the lobbying software to a change in the law might require the entire Class 200 appropriation in a future fiscal year. The Board therefore continues to budget for these contingencies in order to meet its statutory responsibilities.

Between July 1, 2015 and June 30, 2016, the Board spent \$921,399, as follows:

Class 100 – Personal Services

Class	Name	Title	FY 2016
101	Cooke, Michael	Director of Enforcement	113,840
101	Creamer, Jr., J. Shane	Executive Director	142,739
101	Donnelly, Eileen	Administrative Technical Trainee	3,175
101	Simone, Tina	Legal Support Services Coordinator	57,535
101	Klemm, Thomas	Staff Attorney	37,384
101	Lin, Diana	Associate General Counsel	89,998
101	McHale, Bryan	Compliance Services Supervisor	48,062
101	Massar, Nedda	Deputy Executive Director	125,183
101	Nayak, Maya	General Counsel	121,359
101	Perrin, Ayodeji (resigned)	Staff Attorney	13,723
101	Segall, Jordan	Staff Attorney	68,985
101	Vasquez, Hortencia	Legal Services Clerk	39,404
	Total Class 100		\$861,388*

*adjusted for rounding

Class 200 – Purchase of Services

Class	Class Description	Description of Services	Amount Paid
210	Postal Services	Delivery Service & Postage	6,080
211	Transportation	Travel & Transportation	8,327
240	Advertising	Job Postings	565
250	Professional Services	Accounting	24
255	Dues	Professional Membership Dues	445
256	Seminar & Training Sessions	Seminars, Training & Continuing Legal Education	8,565
258	Court Reporting	Court Reporting Services	3,355
260	Repairs & Maintenance	Copier & Cost to Modify Office Space	20,468
266	Maintenance & Support – Computer Hardware & Software	Software Maintenance - Lectora	1,173
	Total Class 200		\$49,002

Class 300 & 400 – Materials, Supplies & Equipment

Class	Class Description	Description of Purchase	Amount Paid
304	Books & Other Publications	Books	2,404
320	Office Materials & Supplies	Office Materials, Supplies & Paper	2,931
325	Printing	Stationery, Cards & Nameplates	40
420	Office Equipment	File Cabinet	737
427	Computer Equipment & Peripherals	Desktop Computers	4,897
	Total Class 300/400		\$11,009

Total FY 2016 Expenses = \$921,399

Looking Ahead

In its first Annual Report, dated March 2008, the Board said that it had been “an honor for the members of the Board of Ethics and its staff to serve the citizens of the City of Philadelphia” during 2006 and 2007. That statement continues to be true to this day. The Board wishes to expand and improve upon its achievements in the past ten years and to continue to serve the citizens of the City of Philadelphia in an exemplary manner. The Board will continue to promote honesty, integrity, and transparency throughout City government.

Appendix I: 2016 Board and General Counsel Opinions and Selected Advisory Alerts

FY16 Index of Board Formal Opinions

Advisory Opinion No.	Date Issued	Brief Description	Key Words
			Citations
2015-001 Non-public Advisory Opinion	07/29/15	<p>Advised City official regarding application of City ethics laws to the official's proposed sending of solicitation letters to various local businesses requesting that contributions be made to a non-profit entity to support an annual community event hosted by the official and the official's office. Although the solicited contributions would support an event hosted by the City official and the official's office, the official would not be soliciting a gift as defined by the City Ethics Code because the official would not realize a personal financial benefit from the event or from the contributions to the non-profit to support the event. Although the City gift and conflict of interest restrictions do not prohibit sending the letters, an appearance of impropriety exists with respect to certain proposed recipients. The Board recommended that the City official not solicit businesses that are currently seeking, have sought in the last year, or presumably will seek official action from the City official in the foreseeable future. Further, the proposed solicitation letters should omit any language characterizing the contributions as being for or benefiting the City official.</p>	<p>GIFT; SOLICITATION LETTER; APPEARANCE OF IMPROPRIETY; OFFICIAL ACTION; NON-PROFIT; CHARITY; CONFLICT OF INTEREST; CONTRIBUTION; COMMUNITY EVENT; RESTRICTED SOURCE; FUNDRAISING; DONATION; FINANCIAL BENEFIT; NON-MINISTERIAL; MITIGATE APPEARANCE OF IMPROPRIETY; COERCIVE</p> <p>Code Chapter 17-1400; Code §§ 20-601(9, 10) &(17), 20-604(4)(b), 20-607; Charter §10-105; General Counsel Opinion 2012-505 (<i>superseded</i>)</p>

Advisory Opinion No.	Date Issued	Brief Description	Key Words
			Citations
2016-001 Non-public Advisory Opinion	04/21/2016	Advised City employee that it is permissible under the Charter political activity restrictions to perform non-City, part-time paid work as an usher at the Wells Fargo Center during the Democratic National Convention. Although the proposed work would involve the employee providing event support for the Democratic National Convention, the situation presented does not involve the City employee volunteering to assist a political party with its event. Rather, in providing this event support, the requestor would be carrying out the ushering duties typically performed as part of paid work regardless of the entity conducting an event at the Wells Fargo Center.	<p>POLITICAL ACTIVITY; POLITICAL PARTY EVENT SUPPORT; DEMOCRATIC NATIONAL CONVENTION; OUTSIDE EMPLOYMENT; VOLUNTEER; USHER; STAFF; PAID WORK; SPECTATOR AT POLITICAL EVENT</p> <p>Charter § 10-107(4); Regulation 8, ¶¶ 8.1 (n), 8.11, 8.14(e); Board Opinion 2012-002; Board Advisory Alert: <i>Guidelines for City Employees Regarding Off-Duty Volunteering Related to the Upcoming Democratic National Convention</i> (Mar. 28, 2016)</p>

Advisory Opinion No.	Date Issued	Brief Description	Key Words
			Citations
2016-002 Public Advisory Opinion	07/26/16	Advised the Philadelphia Land Bank regarding application of City ethics and lobbying laws to the Land Bank, its board members, and staff. The requirements and prohibitions of the City Lobbying Law apply to efforts by lobbyists and principals to lobby the Land Bank. Ethics Code provisions apply to Land Bank board members in the manner they apply to members of a City board or commission. Ethics Code provisions apply to Land Bank staff members in the manner they apply to City employees. The Opinion also addressed six specific questions posed by the Land Bank regarding: (1) board members' conflicts of interest with respect to former employers; (2) post-service restrictions for board members; (3) whether decisions made under an established policy are official action subject to conflict of interest disqualification; (4) permissibility of blanket disclosure and disqualification letters for board members; (5) obligations of board members who work for City Council; and (6) obligations of board members who are members of an outside agency or organization.	<p>LAND BANK; UNCOMPENSATED BOARD MEMBER; LOBBYING; FINANCIAL DISCLOSURE; CONFLICT OF INTEREST; PRE-SERVICE EMPLOYMENT RELATIONSHIP; POST-EMPLOYMENT; OFFICIAL ACTION; BLANKET DISCLOSURE AND DISQUALIFICATION LETTER; REPRESENTATION RESTRICTION; MEMBERSHIP IN OUTSIDE AGENCY OR ORGANIZATION; DISCRETIONARY DECISION; MINISTERIAL; CITY COUNCIL STAFF-MEMBER; TRANSACTION INVOLVING THE LAND BANK</p> <p>Code Chapter 16-700 (Land Bank Ordinance), 20-1200 (Lobbying Code); Code §§ 20-601(17), 20-602; 20-607(a)&(c), 20-608, 20-609; Board Reg. 9</p>

FY16 Index of General Counsel Opinions

Advisory Opinion No.	Date Issued	Brief Description	Key Words
			Citations
2015-503	06/16/15	Advised former City official regarding application of post-employment restrictions to the official's potential uncompensated service on non-profit board of directors that intersects with former City work. The requestor would be prohibited at any time from assisting any person, including the non-profit board, in a transaction involving the City in which the requestor participated during his or her City service. For example, the requestor is prohibited from assisting the non-profit board with actions the board may take with respect to a contract between the board and the City that the requestor was involved in drafting while a City official.	<p>POST-EMPLOYMENT RESTRICTIONS; UNCOMPENSATED NON-PROFIT BOARD MEMBER; TRANSACTIONS INVOLVING THE CITY; REPRESENTATION RESTRICTION; CITY CONTRACT; BYLAWS; FORMER CITY OFFICIAL; FAMILIARITY WITH CITY PROCESSES</p> <p>Code §§ 20-603; 20-601(27); 20-607(c)</p>

Advisory Opinion No.	Date Is- sued	Brief Description	Key Words
			Citations
2015-504 Non-public Advisory Opinion	10/05/15	Advised an attorney with a private law practice involving the City that City ethics laws do not prohibit service as uncompensated member of a City board. Advised that volunteer City board service and concurrent employment by the Philadelphia judicial system is not prohibited. Court employees are not considered City officers or employees such that the City Ethics Code applies to them. An individual with significant experience involving the City may represent important interests that are valuable for the City board to have among its membership.	<p>OUTSIDE EMPLOYMENT; CONFLICT OF INTEREST; UNCOMPENSATED CITY BOARD MEMBER; VOLUNTEER; ATTORNEY; PRIVATE LAW PRACTICE INVOLVING THE CITY; JUDICIARY; JUDICIAL EMPLOYEE; COURT EMPLOYEE; ADVISORY BOARD OR COMMISSION; REPRESENTATION RESTRICTION; GAINING FINANCIAL INTEREST IN OFFICIAL ACTION</p> <p>Code §§ 20-602(2)&(5); 20-607(a)&(c); 20-608; 20-609; Charter §10-102; Board Regulation 6, ¶ 6.1; Solicitor Opinion issued to Board General Counsel Meyer, Nov. 3, 2008; <i>Billotte</i>, State Ethics Commission Opinion 00-005</p>

FY16 Index of Selected Advisory Alerts

Advisory Opinion No.	Date Issued	Brief Description	Key Words
			Citations
Advisory Alert: Guidelines for City Council Staff Regarding Political Activity Restrictions and the Democratic National Convention	03/24/16	Provided general guidelines to City Council staff members regarding political activity restrictions and the 2016 Democratic National Convention. The political activity restrictions for employees of City Council are different from the restrictions that apply to other City employees. City Council staff could select the “General Volunteers” category during the Host Committee volunteer registration process on the Host Committee website. City Council staff are not permitted to: (1) solicit contributions for a political committee, a candidate, a political party, or a partisan political group; (2) use City resources while engage in political activity; (3) engage in political activity while on duty, in City Hall, or in any other City-owned or leased building, property, or office space; (4) display stickers promoting a political party or candidate in City workplaces; or (5) request or suggest that a subordinate engage in political activity.	POLITICAL ACTIVITY; CITY COUNCIL STAFF; POLITICAL EVENT; POLITICAL CONVENTION; POLITICAL PARTY; OFF-DUTY VOLUNTEER; DELEGATE; CAUCUS MEETINGS; FUNDRAISER/FUNDRAISE;
			Board Reg. 8

Advisory Opinion No.	Date Issued	Brief Description	Key Words
			Citations
Advisory Alert: Guidelines for City Employees Regarding Off-Duty Volunteering Related to the Democratic National Convention	03/28/16	Provided general guidelines to City employees regarding application of City Charter political activity restrictions to off-duty volunteering related to the 2016 Democratic National Convention. Provided examples of prohibited and permissible activity related to the volunteer opportunities offered by the Philadelphia 2016 Host Committee. The Alert instructed City employees to sign up to volunteer with the Host Committee using a specially-created “City Volunteers” portal that offered only permissible volunteer opportunities for City employees. This Advisory Alert was based upon facts provided by the Philadelphia 2016 Host Committee regarding its volunteer opportunities. These facts are detailed in a document attached to the Alert.	POLITICAL ACTIVITY; POLITICAL EVENT; POLITICAL CONVENTION; POLITICAL PARTY; CITY EMPLOYEES; OFF-DUTY VOLUNTEERING; SPECTATOR; DELEGATE; CAUCUS MEETINGS; CONVENTION HOST COMMITTEE; FUNDRAISER/ FUNDRAISE; PERMITTED ACTIVITIES; PROHIBITED ACTIVITIES
			Board Reg. 8