

## **SETTLEMENT AGREEMENT**

This Settlement Agreement (“Agreement”) is made and entered into between the Board of Ethics of the City of Philadelphia, Karen Brown, Karen Brown for 1<sup>st</sup> District Council, Karen Brown for Council at-Large and the Friends of Karen Brown, jointly referred to as “the Parties.”

### **RECITALS**

- A. The Board of Ethics of the City of Philadelphia is a five-member, independent board established by ordinance, approved by Philadelphia voters in May 2006, and installed on November 27, 2006. Pursuant to section 4-1100 of the Home Rule Charter, the Board is charged with, among other things, enforcing the City’s campaign finance law which is found at Chapter 20-1000 of the Philadelphia Code.
- B. Karen Brown is a candidate for two City elective offices: the 1<sup>st</sup> City Council District and City Council at-large. “Karen Brown for 1<sup>st</sup> District Council” (“the District Committee”) is Brown’s candidate committee for her candidacy for the 1<sup>st</sup> City Council District seat. “Karen Brown for City Council at-Large” (“the at-Large Committee”) is Brown’s candidate committee for her candidacy for City Council a at-Large seat.
- C. As a declared candidate for City elective office, Brown is subject to the City’s campaign finance law.
- D. Susan Hinchey is the treasurer of both the District Committee and the at-large Committee.
- E. Section 20-1003 of the City’s campaign finance law provides that a candidate for City elective office may have no more than one political committee and one checking account for the City office being sought, into which all contributions for such office shall be made, and out of which all expenditures for that office shall be made. If a candidate maintains other accounts, funds collected in those accounts may not be used to influence the outcome of a covered election.
- F. Section 20-1006 provides that whenever a candidate for City elective office files a campaign finance report with the City Commissioners, he or she must electronically file the same information with the Board. Such reports disclose contributions received and expenditures made by the candidate.

- G. Section 20-1006 further provides that whenever a political committee files a campaign finance report with the City Commissioners or the Secretary of State, the committee must electronically file the same information with the Board, if the report discloses contribution or expenditure information related to a City election. Such reports disclose contributions received and expenditures made by the committee.
- H. In 2009, Brown established the “Friends of Karen Brown” as means to participate in non-political, community activities.
- I. Eugene van Arsdale is the treasurer of the Friends of Karen Brown. He is also the campaign manager for Brown’s campaign for the 1<sup>st</sup> City Council District seat and for her campaign for a Council at-Large seat.
- J. Prior to the deadline for the filing of 2010 cycle 7 campaign finance reports, Brown contacted the Board and informed enforcement staff that the Friends of Karen Brown had made expenditures to promote her election to City Council, including:
- i. Purchase of campaign posters promoting “Karen Brown for City Council;”
  - ii. Purchase of advertisements in the Public Record promoting “Karen Brown for City Council;” and
  - iii. Payment to a photographer for pictures used in the campaign posters and advertisements.
- K. In response to the information Brown provided, the Board initiated an investigation of potential violations of the City’s campaign finance law by Brown, the District Committee, the at-large Committee, and the Friends of Karen Brown.
- L. At all times, Brown, the District Committee, the at-large Committee, and the Friends of Karen Brown fully cooperated with the Board’s investigation of the violations described in this Agreement.
- M. The Parties desire to enter into this Agreement in order to resolve the issues described herein.


## **AGREEMENT**

The Parties agree that:


1. Karen Brown's use of the Friends of Karen Brown to make expenditures to influence her election violated section 20-1003 of the Philadelphia Code.
2. Expenditures made by the Friends of Karen Brown to influence Brown's election were in-kind contributions to both the District Committee and the at-Large Committee.
3. Within two weeks of the Board's approval of this Agreement, the District Committee and the at-Large Committee will each file a 2010 cycle 7 campaign finance report disclosing all in-kind contributions from the Friends of Karen Brown.
4. Within two weeks of the Board's approval of this Agreement, the Friends of Karen Brown will file a 2010 cycle 7 campaign finance report with the Board.
5. Karen Brown will not use any political committee other than the District Committee to make expenditures to influence her campaign for the 1<sup>st</sup> District Council seat. However, as provided in Board Regulation No. 1, Brown may establish and use a litigation fund committee for her 1<sup>st</sup> District Council campaign.
6. Karen Brown will not use any political committee other than the at-Large Committee to make expenditures to influence her campaign for the Council at-large seat. However, as provided in Board Regulation No. 1, Brown may establish and use a litigation fund committee for her Council at-Large campaign.
7. Any advertisements or campaign materials paid for by the District Committee will state that they promote Brown's campaign for the 1<sup>st</sup> City Council District seat.
8. Any advertisements or campaign materials paid for by at-Large Committee will state that they promote Brown's campaign for a City Council at-large seat.
9. Karen Brown, Karen Brown for 1<sup>st</sup> District Council, Karen Brown for Council at-Large and the Friends of Karen Brown release and hold harmless the Board and its staff from any potential claims, liabilities, and causes of action arising from the Board's investigation, enforcement, and settlement of the violations described in the Agreement.
10. In consideration of the above and in exchange for Brown's prompt, voluntary disclosure of the above violations, her full cooperation with the Board's investigation, and Brown's, the District Committee's, the at-large Committee's, and the Friends of Karen Brown's compliance with all of the terms of the Agreement, the Board waives any further penalties or fines against Brown, the District Committee, the at-Large Committee, and the Friends of Karen Brown for the violations described in the Agreement.

11. The Parties will not make any public statements that are inconsistent with the terms of the Agreement.
12. If the Ethics Board is forced to seek judicial enforcement of the Agreement, Brown the District Committee, the at-large Committee, and the Friends of Karen Brown shall be jointly and severally liable for attorneys' fees and costs reasonably expended in enforcing compliance with this Agreement. Fees for time spent by Ethics Board staff attorneys shall be calculated based upon standard and customary billing rates in Philadelphia for attorneys with similar experience.
13. The Agreement contains the entire agreement between the Parties.
14. The Parties will submit a signed copy of the Agreement to the Board for approval.
15. The Agreement shall become effective upon approval by the Board.

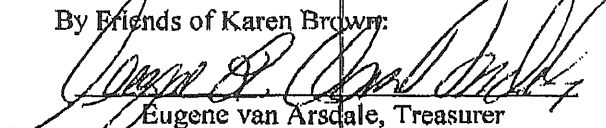
Dated: 2/22/11

By the Executive Director of the Board of Ethics:  
  
 J. Shane Creamer, Jr., Esquire

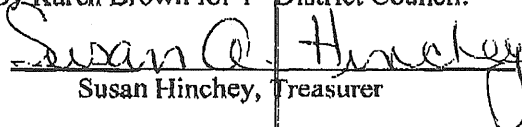
Dated: 2/21/2011

By Karen Brown:  


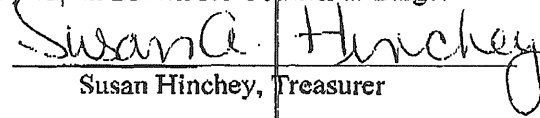
Dated: 2/21/2011

By Friends of Karen Brown:  
  
 Eugene van Arsdale, Treasurer

Dated: 2-21-11

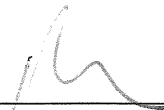
By Karen Brown for 1<sup>st</sup> District Council:  
  
 Susan Hinchey, Treasurer

Dated: 2-21-11

By Karen Brown for Council at-Large:  
  
 Susan Hinchey, Treasurer

Approved by the Board of Ethics:

Dated: 2/23/2011

  
\_\_\_\_\_  
Richard Glazer, Esquire  
Chair