

Philadelphia Board of Ethics

Contact: J. Shane Creamer, Jr., Executive Director, 215-686-9450

For Immediate Release: April 2, 2014

PHILADELPHIA – On March 19, 2014, the Board of Ethics approved a settlement agreement involving Philadelphia Phuture PAC. The agreement resolves two violations by Philadelphia Phuture of Philadelphia Code Section 20-1006. One violation resulted from a failure to disclose a debt in the PAC's 2013 cycle 3 campaign finance report. The other resulted from the PAC's failure to file an independent expenditure campaign finance report.

A copy of the approved settlement agreement is attached.

The Philadelphia Board of Ethics is a five-member independent board established by ordinance, approved by Philadelphia voters in May 2006, and installed on November 27, 2006. It is charged with providing ethics training for all City employees and enforcing City campaign finance, financial disclosure and conflict of interest laws. The Ethics Board has authority to render advice, investigate complaints and issue fines.

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SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is made and entered into by the Board of Ethics of the City of Philadelphia, the Executive Director of the Board, Philadelphia Phuture PAC, and Ed McBride, 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.
- B. Philadelphia Phuture PAC is a political committee registered with the Pennsylvania Secretary of State and based in Philadelphia.
- C. Ed McBride is the treasurer of Philadelphia Phuture PAC.
- D. Pursuant to Philadelphia Code § 20-1006(1)(a) and Regulation No. 1 Paragraph 1.44(a):

Any time a political committee or person is required to file a campaign finance report with the City Commissioners or the Secretary of State, as required by the Pennsylvania Election Code, the committee or person shall file electronically a copy of that report with the Board if the report filed with the City Commissioners or Secretary of State discloses, or should disclose, any expenditures made to influence the outcome of a covered election, including expenditures to a candidate for City elective office.
- E. Pursuant to Philadelphia Code § 20-1006(4) and Regulation No. 1 Paragraph 1.47(a), an individual who files a campaign finance report on behalf of a political committee violates the City’s campaign finance law if the report contains any material misstatements or omissions. The individual who filed the report and the political committee are jointly and severally subject to civil penalties for any such misstatements or omissions.
- F. Pursuant to Code § 20-1302 and Regulation No. 1 Paragraph 1.57, \$2,000 is the maximum penalty for making a material misstatement or omission in a campaign finance report filed with the Board.
- G. Under the Pennsylvania Election Code, May 10, 2013 was the deadline for political committees to file second Friday pre-primary (cycle 2) campaign finance reports. June 20, 2013 was the deadline for political committees to file 30 day post-primary (cycle 3) reports.
- H. In order to ensure that the public has access to information about large independent expenditures made before the primary, but after the close of the pre-primary reporting period, § 1628 of the Pennsylvania Election Code (25 P.S. § 3248) requires that political committees disclose within 24 hours any independent expenditures they make of \$500 or more.

- I. Therefore, in 2013, if a political committee made independent expenditures of \$500 or more on any day from May 7th through May 21st, the committee should have electronically filed with the Board within 24 hours an independent expenditure report disclosing those expenditures.
- J. In June of 2013, Board enforcement staff received information indicating that Philadelphia Phuture had paid for flyers promoting the candidacy of Alan Butkovitz, a candidate for Controller in the May 2013 primary. However, Philadelphia Phuture did not disclose any expenditures for such activity in the post-primary (cycle 3) campaign finance report it filed with the Board.
- K. Because the failure to disclose any expenditures related to the flyers was a potential violation of the City's campaign finance law, Board enforcement staff opened an investigation. In the course of the investigation, Board enforcement staff served subpoenas seeking relevant documents and compelling witnesses to provide testimony.
- L. In the course of the investigation, Board enforcement staff learned that, shortly before the May 21, 2013 municipal primary election, Robert Gormley, acting on behalf of Philadelphia Phuture, ordered from Strassheim Graphic Design \$17,975.52 worth of flyers, bullet ballots, sample ballots, and door hangers promoting various candidates in that election, including candidates for Controller and District Attorney. Copies of the campaign materials are attached as Exhibit A.
- M. Mr. Gormley picked up the campaign materials from Strassheim Graphic Design. Concerned Irish Americans of Philadelphia PAC organized and paid for their distribution on the day of the May 2013 primary election. Mr. Gormley is the treasurer of Concerned Irish Americans of Philadelphia. Concerned Irish Americans of Philadelphia disclosed these distribution expenditures in campaign finance reports it filed with the Board.
- N. On September 23, 2013, Philadelphia Phuture PAC paid Strassheim Graphic Design for the printing ordered by Mr. Gormely. The PAC properly disclosed the payment in the 2013 cycle 5 campaign finance report it filed with the Board.
- O. Philadelphia Phuture PAC should have, but did not, disclose in its 2013 cycle 3 report a debt of \$17,975.52 to Strassheim Graphic Design. Philadelphia Phuture also should have, but did not, file an independent expenditure 24-hour report disclosing the purchase of the campaign materials.
- P. At all times, Mr. McBride has fully cooperated with the Board's investigation. In response to Board subpoenas, he produced numerous documents and provided testimony under oath.
- Q. The Parties desire to enter into this Agreement in order to resolve the issues described herein.

AGREEMENT

The Parties agree that:

1. Philadelphia Phuture PAC's and Ed McBride's failure to disclose in Phuture's 2013 cycle 3 campaign finance report a debt of \$ 17,975.52 to Strassheim Graphic Design for the purchase of campaign materials violated § 20-1006(4) of the Philadelphia Code, for which Philadelphia Phuture PAC and Mr. McBride shall be subject to a civil monetary penalty of \$1,000.
2. Philadelphia Phuture PAC's and Mr. McBride's failure to file an independent expenditure 24-hour report disclosing the purchase of the campaign materials violated § 20-1006(1)(a) of the Philadelphia Code. Philadelphia Phuture will file this report within two weeks of the effective date of the Agreement and the penalty for the late filing of the report is waived to reflect McBride's cooperation and remedial action.
3. Philadelphia Phuture PAC and Mr. McBride are jointly and severally liable for the civil monetary penalty of \$1,000, which they shall pay within 14 days of the effective date of the Agreement.
4. Payment shall be by check made out to the City of Philadelphia and delivered to the offices of the Board.
5. Philadelphia Phuture PAC and Mr. McBride 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 matters described in the Agreement.
6. In consideration of the above and in exchange for Philadelphia Phuture PAC's and Mr. McBride's compliance with all of the terms of the Agreement, the Board waives any further penalties or fines against them for the violations described in the Agreement.
7. The Parties will not make any public statements that are inconsistent with the terms of the Agreement.
8. If the Ethics Board is forced to seek judicial enforcement of the Agreement, and prevails, Philadelphia Phuture PAC and Mr. McBride shall be liable for attorneys' fees and costs reasonably expended in enforcing compliance with the Agreement. Fees for time spent by Board staff attorneys shall be calculated based upon standard and customary billing rates in Philadelphia for attorneys with similar experience.
9. The Agreement contains the entire agreement between the Parties.
10. The Executive Director will submit a signed copy of the Agreement to the Board for approval.
11. The Agreement shall become effective upon approval by the Board. The effective date of the Agreement shall be the date the Board approves the Agreement.

12. If the Board rejects the proposed Agreement, presentation to and consideration of the Agreement by the Board shall not preclude the Board or its staff from participating in considering, or resolving an administrative adjudication of the matters described in the Agreement.
13. If the Board rejects the proposed Agreement, nothing in the proposed Agreement shall be considered an admission by either party and, except for paragraph 12, nothing in the Agreement shall be effective.

By the Executive Director of the Board of Ethics:

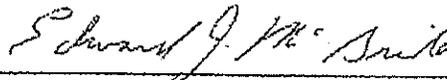
Dated: 3-12-14



Michael J. Cooke, Director of Enforcement
Executive Director's Designee

By Philadelphia Phuture PAC PAC

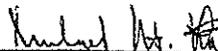
Dated: _____



Ed McBride, Treasurer

Approved by the Board of Ethics:

Dated: 3/19/14



Michael H. Reed
Chair

Exhibit A

URGENT WARNING TO ALL PHILADELPHIA HOMEOWNERS!

Are your property taxes rising through the roof as a result of the Actual Value Initiative (A.V.I.)?
There is only ONE candidate for City Controller who can stop the reckless A.V.I. plan...

ALAN BUTKOVITZ

Alan has been the longest and loudest critic of A.V.I. Only he can stop it from happening.
His opponent? He sued the city for force A.V.I. down our throats.

ON TUESDAY, MAY 21ST, VOTE

ALAN BUTKOVITZ

**FOR
CITY
CONTROLLER**

**PUSH
BUTTON #164**



Paid for by Philadelphia Phuture

SOUTH PHILLY DEMOCRATIC BALLOT

| | | |
|--|----------------------------------|------------|
| JUDGE OF THE SUPERIOR COURT (VOTE FOR 1) | JOSEPH C WATERS JR | 101 |
| JUDGE OF THE COURT OF COMMON PLEAS (VOTE FOR 6) | ANNE MARIE COYLE | 103 |
| | TIMIKA LANE | 105 |
| | JOE FERNANDES | 108 |
| | DANIEL McCAFFERY | 109 |
| | DAWN TANGREDI | 113 |
| | JAMES C CRUMLISH | 122 |
| JUDGE OF THE MUNICIPAL COURT (VOTE FOR 3) | MARTIN COLEMAN | 128 |
| | HENRY LEWANDOWSKI | 129 |
| | FRAN SHIELDS | 133 |
| JUDGE OF THE TRAFFIC COURT (VOTE FOR 3) | OMAR SABIR | 144 |
| | MARNIE AUMENT LOUGHREY | 155 |
| | DONNA DEROSE | 161 |
| DISTRICT ATTORNEY (VOTE FOR 1) | R SETH WILLIAMS | 163 |
| CONTROLLER (VOTE FOR 1) | ALAN BUTKOVITZ | 164 |

TAKE INTO POLLING PLACE

NORTHEAST PHILLY DEMOCRATIC BALLOT

| | | |
|--|----------------------------------|------------|
| JUDGE OF THE SUPERIOR COURT (VOTE FOR 1) | JOSEPH C WATERS JR | 101 |
| JUDGE OF THE COURT OF COMMON PLEAS (VOTE FOR 6) | ANNE MARIE COYLE | 103 |
| | TIMIKA LANE | 105 |
| | JOE FERNANDES | 108 |
| | DANIEL McCAFFERY | 109 |
| | DAWN TANGREDI | 113 |
| | JAMES C CRUMLISH | 122 |
| JUDGE OF THE MUNICIPAL COURT (VOTE FOR 3) | MARTIN COLEMAN | 128 |
| | HENRY LEWANDOWSKI | 129 |
| | FRAN SHIELDS | 133 |
| JUDGE OF THE TRAFFIC COURT (VOTE FOR 3) | OMAR SABIR | 144 |
| | MARNIE AUMENT LOUGHREY | 155 |
| | DONNA DEROSE | 161 |
| DISTRICT ATTORNEY (VOTE FOR 1) | R SETH WILLIAMS | 163 |
| CONTROLLER (VOTE FOR 1) | ALAN BUTKOVITZ | 164 |

TAKE INTO POLLING PLACE

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DEMOCRATIC FAMILIES BALLOT

PRIMARY ELECTION • TUESDAY, MAY 21, 2013 ★ PRESS NUMBER TO RIGHT OF NAME

| OFFICES | DEMOCRATIC | DEMOCRATIC | DEMOCRATIC | DEMOCRATIC |
|---|------------------------------|------------|----------------------------------|---------------------------------------|
| JUDGE OF THE SUPERIOR COURT (NOTE FOR 1) | JOSEPH C WATERS JR | 101 | | DEMOCRATIC |
| JUDGE OF THE COURT OF COMMON PLEAS (NOTE FOR 6) | ANNE MARIE COYLE | 103 | DANIEL D MCCAFFERY | 109 |
| | TIMIKA LANE | 106 | | |
| | JOE FERNANDES | 108 | | |
| JUDGE OF THE MUNICIPAL COURT (NOTE FOR 3) | MARTIN COLEMAN | 128 | | |
| | HENRY LEWANDOWSKI | 129 | | |
| JUDGE OF THE TRAFFIC COURT (NOTE FOR 3) | OMAR SABIR | 144 | | |
| | R SETH WILLIAMS | 163 | | |
| DISTRICT ATTORNEY (NOTE FOR 1) | ALAN BUTKOVITZ | 164 | | |
| CONTROLLER (NOTE FOR 1) | | | | |
| JUDGE OF ELECTION (NOTE FOR 1) | | | | |
| INSPECTOR OF ELECTION (NOTE FOR 1) | | | | |
| | | | MARNIE AUMENT LOUGHREY | 155 |
| | | | | JAMES C CRUMLISH 122 |

**AFTER MAKING SELECTIONS PRESS GREEN VOTE BUTTON ★ Polls Open 7 A.M. to 8:00 P.M.
YOU MAY TAKE THIS BALLOT INTO THE VOTING BOOTH WITH YOU**

Paid for by Philadelphia Phuture

26th Ward Neighbor Ballot

| OFFICES | | DEMOCRATIC | |
|------------------------------------|-----------------------------|------------|------------|
| JUDGE OF THE COURT OF COMMON PLEAS | ANNE MARIE GOYLE | | 103 |
| | DAWN TANGREDI | | 113 |
| JUDGE OF THE MUNICIPAL COURT | MARTIN COLEMAN | | 128 |
| | HENRY LEWANDOWSKI | | 129 |
| CONTROLLER | ALAN BUTKOVITZ | | 164 |

Paid for by Philadelphia Phuture



South Philly Neighbor Ballot

| OFFICES | DEMOCRATIC | |
|------------------------------------|-----------------------------|------------|
| JUDGE OF THE COURT OF COMMON PLEAS | ANNE MARIE COYLE | 103 |
| | DAWN TANGREDI | 113 |
| JUDGE OF THE MUNICIPAL COURT | MARTIN COLEMAN | 128 |
| | HENRY LEWANDOWSKI | 129 |
| CONTROLLER | ALAN BUTKOVITZ | 164 |

Paid for by Philadelphia Phuture

