

SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is made and entered into by the Board of Ethics of the City of Philadelphia, J. Shane Creamer, Jr., the Executive Director of the Board, Tariq El Shabazz, and Taylor Daukaus, jointly referred to as “the Parties.”

RECITALS

- A. The Board of Ethics of the City of Philadelphia is an independent, five-member City board established in 2006 through voter approval of an amendment to the Philadelphia Home Rule Charter. Pursuant to Section 4-1100 of the Home Rule Charter, the Board is charged with administering and enforcing the City’s Campaign Finance Law.
- B. Tariq El Shabazz was a candidate for District Attorney in the May 2017 Philadelphia Primary Election. Mr. El Shabazz designated the political committee Tariq for Justice as the one committee which would accept contributions and make expenditures for his campaign for District Attorney. The committee was terminated in June of 2017.
- C. Taylor Daukaus was the treasurer of Tariq for Justice during Mr. El Shabazz’s campaign for District Attorney. Kristen Stoner was the assistant treasurer of the committee.
- D. In May of 2017, Board enforcement staff learned of potential violations of the City’s Campaign Finance Law involving the El Shabazz campaign and a local political committee named Trustwave PAC. Accordingly, the Executive Director opened an investigation, during which enforcement staff obtained documents, including bank records, emails, and text messages, and interviewed witnesses.
- E. Trustwave PAC is a political committee based in Philadelphia. On April 16, 2017, Kristen Stoner filed a Political Committee Registration Statement for Trustwave PAC with the Department of State. The Statement listed Derrick Susswell as Treasurer and Ismail Shahid as Chair of the PAC. On May 6, 2017, Ms. Stoner filed an amended Political Committee Registration Statement for Trustwave PAC that made her the Chair in place of Mr. Shahid.
- F. Ms. Stoner is the principal of the St. Bernard Group, a Philadelphia based campaign finance consulting firm. Mr. El Shabazz retained the St. Bernard Group to provide fundraising and campaign finance compliance services to his campaign. Ms. Daukaus served as treasurer of Tariq for Justice at Ms. Stoner’s request and worked under her direction. The St. Bernard Group also provided campaign finance and consulting services to Trustwave PAC. Mr. El Shabazz was not aware that Ms. Stoner was the Chair of Trustwave PAC or that Trustwave PAC was a client of her firm.

- G. For a period of time during the 2017 Primary Election, in addition to his activities with Trustwave PAC, Ismail Shahid acted as an agent and unpaid senior adviser of the campaign of Tariq El Shabazz for District Attorney.
- H. On October 18, 2017, the Board approved a settlement agreement with Trustwave PAC, Mr. Susswell, Ms. Stoner, and Mr. Shahid. In the agreement, they admitted that:
- i. In the months leading up to the 2017 Primary Elections, Mr. Shahid solicited contributions for both the El Shabazz campaign and Trustwave PAC, in some cases from common donors. After he stepped down as Chair in early May of 2017, Mr. Shahid remained actively involved in Trustwave PAC's activities, including implementing and directing its election-day get-out-the-vote activities and ordering a Trustwave PAC sample ballot.
 - ii. Trustwave PAC's activities during the 2017 Primary Election almost exclusively involved printing and distributing a sample ballot promoting candidates for District Attorney, Controller, and judicial office. A copy of the ballot is attached hereto as Exhibit A.
 - iii. Among its expenditures, Trustwave PAC paid the consulting company Countywide Strategies for consulting services, including management of Trustwave PAC's ballot distribution in a part of Philadelphia. One of the principals/partners of Countywide Strategies is Steven Vaughn, who also held a leadership position in the El Shabazz campaign.
 - iv. The candidate for Controller and most of the judicial candidates paid to be on Trustwave PAC's ballot. The El Shabazz campaign contributed \$5,000 to Trustwave PAC, approximately 5% of the total amount contributed by the candidates on the ballot. Given Mr. El Shabazz's prominence on the ballot, the amount the other candidates contributed, and the amount Trustwave PAC spent to print and distribute it, the amount the El Shabazz campaign contributed was not the usual and normal charge.
 - v. The total amount Trustwave PAC charged candidates to be on its ballot was approximately \$80,000. Trustwave PAC used this money, as agreed with those candidates, to promote their election. Trustwave PAC raised an additional \$81,500 from non-candidate PACs, which it also used to pay for and distribute its sample ballot.
- I. As provided by Board Regulation No. 1, Paragraph 1.1(q), if a political committee coordinates its expenditures with a candidate's campaign and those expenditures are made to advocate or influence the election of the candidate, the expenditures are an in-kind contribution to the candidate. In-kind contributions are subject to the contributions limits of the City's Campaign Finance Law.
- J. Under the City's Campaign Finance Law, in 2017 a candidate for District Attorney could not accept contributions of more than \$23,800¹ from a political committee. Acceptance by a candidate of an excess contribution violates Philadelphia Code § 20-1002(12).

¹ This figure is double the usual contribution limit because one of the candidates for District Attorney in 2017 contributed more than \$250,000 of his own money to his campaign.

- K. Regulation No. 1, Paragraph 1.38 provides detailed guidance on what conduct gives rise to coordination between a political committee and a candidate's campaign, including expenditures made in cooperation, consultation, or concert with the candidate's campaign or with the knowledge and assent of the candidate's campaign. A political committee's expenditures are also coordinated with a candidate's campaign if the candidate solicits funds for or directs funds to the political committee within the 12 months before the election that the expenditures seek to influence.
- L. Board Regulation No. 1 defines a candidate's campaign as a "candidate, the candidate's candidate political committee (or litigation fund committee), or an agent of any of the foregoing."
- M. As a result of the activities described in Paragraph H, Trustwave PAC's expenditures were coordinated with the El Shabazz campaign. Accordingly, the expenditures Trustwave PAC made to advocate for or influence Mr. El Shabazz's election in the 2017 Primary were in-kind contributions to the El Shabazz campaign. These in-kind contributions exceeded the limits for contributions from a political committee to a candidate for District Attorney in 2017.
- N. Additionally, Code Section 20-1003 requires a candidate for City office to have no more than one political committee for the City office he or she is seeking and to make all expenditures for that office out of that committee. As such, as explained at Regulation No. 1, Paragraphs 1.29 and 1.30, it is a violation of the Campaign Finance Law for a candidate's campaign to exercise control over another political committee or over the expenditures of another political committee.
- O. Tariq for Justice filed a 2017 thirty day post primary election (cycle 3) and several 24 hour campaign finance reports with the Board. However, the committee did not disclose any in-kind contributions from Trustwave PAC in the reports it filed with the Board.
- P. Pursuant to Philadelphia Code § 20-1006(4) and Regulation No. 1, Paragraph 1.24, the making of a material misstatement or omission in a report filed with the Board is a violation of the City's Campaign Finance Law.
- Q. Mr. El Shabazz and Ms. Daukaus fully cooperated with the Board's investigation and resolution of this matter.
- R. The Parties desire to enter into this Agreement in order to resolve the issues described herein.

AGREEMENT

The Parties agree that:

1. Because the El Shabazz campaign controlled Trustwave PAC and the expenditures made by Trustwave PAC in violation of Philadelphia Code § 20-1003, Mr. El Shabazz shall pay a civil monetary penalty of \$750 within 30 days of the effective date of the Agreement.
2. The in-kind contributions Trustwave PAC made to Mr. El Shabazz's campaign exceeded the City's contribution limits in violation of Philadelphia Code § 20-1002(12), for which Mr. El Shabazz shall pay a civil monetary penalty of \$2,000 on the following schedule:
 - 2.1 \$1,000 within 60 days of the effective date of the Agreement; and
 - 2.2 \$1,000 within 90 days of the effective date of the Agreement.
3. The campaign finance reports Tariq for Justice filed with the Board did not disclose in-kind contributions from Trustwave PAC in violation of Philadelphia Code § 20-1006(4), for which Ms. Daukaus shall pay a civil monetary penalty of \$2,000 on the following schedule:
 - 3.1 \$500 within 30 days of the effective date of the Agreement;
 - 3.2 \$500 within 90 days of the effective date of the Agreement; and
 - 3.3 \$1,000 within 150 days of the effective date of the Agreement.
4. Within thirty days of the effective date of the Agreement, Ms. Daukaus will amend Tariq for Justice's campaign finance reports to correct the reporting failures described in this Agreement.
5. All payments required under the Agreement shall be made by check or money order made payable to the City of Philadelphia and delivered to the offices of the Board of Ethics.
6. Mr. El Shabazz and Ms. Daukaus 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.
7. In consideration of the above and in exchange for the compliance of Mr. El Shabazz and Ms. Daukaus with all of the terms of the Agreement, the Board waives any further penalties or fines against them for the conduct described in the Agreement and any related conduct.
8. The Parties will not make any public statements that are inconsistent with the terms of the Agreement.
9. If the City is forced to seek judicial enforcement of Paragraphs 1, 2, 3, 4 or 5, or an order of the Court, and prevails, Mr. El Shabazz and Ms. Daukaus shall be liable for attorneys' fees and costs reasonably expended in enforcing compliance with the Agreement. Fees for time spent by City attorneys shall be calculated based upon standard and customary billing rates in Philadelphia for attorneys with similar experience.
10. The Agreement contains the entire agreement between the Parties.
11. The Executive Director will submit a signed copy of the Agreement to the Board for approval. 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.

11. The Executive Director will submit a signed copy of the Agreement to the Board for approval. 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. If the Board rejects the proposed Agreement, nothing in the proposed Agreement shall be considered an admission by either party and, except this paragraph, nothing in the Agreement shall be effective.

By the Executive Director of the Board of Ethics:

Dated: _____

 J. Shane Creamer, Jr.
 Executive Director

By Tariq El Shabazz

Dated: 5-17-18

Tariq El Shabazz

By Taylor Daukaus:

Dated: _____

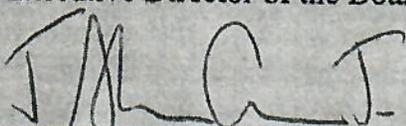
Approved by the Board of Ethics on _____:

 Michael H. Reed
 Chair

11. The Executive Director will submit a signed copy of the Agreement to the Board for approval. 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. If the Board rejects the proposed Agreement, nothing in the proposed Agreement shall be considered an admission by either party and, except this paragraph, nothing in the Agreement shall be effective.

By the Executive Director of the Board of Ethics:

Dated: 5/31/18



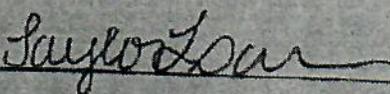
J. Shane Creamer, Jr.
Executive Director

By Tariq El Shabazz:

Dated: _____

By Taylor Daukaus:

Dated: 5/31/2018



Approved by the Board of Ethics on 6/27/18



Michael H. Reed
Chair

EXHIBIT A

DEMOCRATIC CANDIDATES BALLOT

Primary Election - Tuesday, May 16, 2017

OFFICES	DEMOCRATIC	DEMOCRATIC	DEMOCRATIC
Justice of the Supreme Court <small>(Vote for 1)</small>			
Judge of the Superior Court			
Judge of the Commonwealth Court			
Judge of the Court of Common Pleas <small>(Vote for no more than 9)</small>	KRISTIANSSON <small>VIKKI</small>	14	GOODMAN <small>LEON</small>
	MACORETTA <small>JOHN</small>	16	CANTY <small>DEBORAH</small>
	COHEN <small>MARK B</small>	23	SHAFFER <small>ZAC</small>
Judge of the Municipal Court <small>(Vote for no more than 3)</small>	WOLF <small>MATT</small>	44	
	BRUMBACH <small>MARISSA</small>	45	
	TARIQ KARIMI EL SHAABAZZ		
District Attorney <small>(Vote for 1)</small>	56		
Controller <small>(Vote for 1)</small>	RHYNHART <small>REBECCA</small>	61	

Paid for by TrustWave PAC 800-H