

SETTLEMENT AGREEMENT

This Settlement Agreement is made and entered into by the Board of Ethics of the City of Philadelphia, J. Shane Creamer, Jr., Executive Director of the Board of Ethics, the Honorable Anthony Hardy Williams, Williams for Mayor, and Paula Wright, 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 administering and enforcing Philadelphia’s Campaign Finance Law. The Ethics Board has provided a detailed interpretation of the campaign finance law in its Regulation No. 1 (Campaign Finance).
- B. State Senator Anthony Hardy Williams was a candidate for Mayor of Philadelphia in the May 2019 Democratic Primary Election. Senator Williams became a candidate for Mayor of Philadelphia on March 12, 2019 when he submitted nominating petitions to the Philadelphia County Board of Elections.
- C. When Senator Williams became a candidate for City elective office, he became subject to the City’s Campaign Finance Law, as set forth in Philadelphia Code Chapter 20-1000 and Board of Ethics Regulation No. 1.¹
- D. Senator Williams designated the political committee Williams for Mayor as the one committee he would use to accept contributions and make expenditures for his campaign for Mayor. Paula Wright is the Treasurer of Williams for Mayor.
- E. Make A Difference PAC is a political committee registered with the Pennsylvania Department of State. In 2019, Make A Difference PAC’s treasurer was Paula Wright. Ms. Wright held her position with Make A Difference PAC, while also serving as treasurer of Williams for Mayor. During 2019, the operations of Make A Difference PAC were controlled by Senator Williams and Ms. Wright.
- F. In late April of 2019, Board Enforcement Staff received information indicating that Senator Williams and Williams for Mayor had potentially violated the City’s Campaign Finance Law. As a result, the Executive Director opened an investigation, in the course of which Enforcement Staff interviewed witnesses and subpoenaed numerous documents. At all times, Senator Williams, Williams for Mayor, and Ms. Wright cooperated with the investigation.

¹ The Board amended Regulation No. 1 in October 2020. All the violations described herein occurred prior to the 2020 amendment.

G. This settlement agreement resolves the following violations of the City's Campaign Finance Law:

1. A violation by Senator Williams and Williams for Mayor for failing to exclude excess pre-candidacy contributions that were received by Make A Difference PAC and used as part of Senator Williams' campaign for Mayor;
2. Violations by Senator Williams and Williams for Mayor for accepting nine excess contributions after Senator Williams became a candidate for Mayor; and
3. Violations by Williams for Mayor and Paula Wright for making material omissions in required campaign finance reports filed with the Board.

Senator Williams and Williams for Mayor: Excess Pre-Candidacy Contribution Violation

H. From 2016 through 2019, the City's Campaign Finance Law limited an individual to making contributions of no more than \$3,000 per calendar year to a candidate for City elective office. For most of that time period, the City's Campaign Finance Law limited a political committee or an unincorporated business individual to making contributions of no more than \$11,900 per calendar year to a candidate for City elective office.²

I. Before an individual becomes a candidate, the City's Campaign Finance Law, and therefore the contribution limits, do not apply to them. The Law requires, however, that within ten days after becoming a candidate, an individual must exclude all excess pre-candidacy contributions received during the relevant accounting period³ from his or her candidate political committee checking account by either transferring them to a segregated pre-candidacy excess contribution account, or returning them to their contributors.

J. An excess pre-candidacy contribution is the portion of a pre-candidacy contribution to a political committee that, had it been made to a candidate for City elective office, would have been in excess of the contribution limits.

K. Subpart J (formerly Subpart I) of Regulation No. 1 requires that, upon becoming a candidate, an individual must identify and exclude any excess pre-candidacy contributions from their committees' checking account in order to ensure that such excess monies are not used to support the candidate's campaign.

² On May 1, 2019, the City's Campaign Finance Law was amended to allow contributions of up to \$12,000 per calendar year from political committees and unincorporated businesses. After a quadrennial adjustment to the contribution limits in January of 2020, the limits are currently \$3,100 for contributions from an individual and \$12,600 for contributions from a political committee, partnership, sole proprietorship, or other form of business organization. *See* Regulation No. 1, ¶¶ 1.3 & 1.4.

³ The relevant accounting period for Senator Williams for his 2019 candidacy for Mayor was January 1, 2016 through 5:00 PM on March 11, 2019, given that he became a candidate for Mayor on March 12, 2019.

- L. A candidate need not exclude monies that they can demonstrate, using a reasonable accounting method, were spent before they became a candidate, so long as they did not use those monies for pre-payments. A pre-payment is an expenditure made during the accounting period for anything used or to be used by a candidate's campaign.
- M. Pursuant to Regulation No. 1, Paragraph 1.46 (formerly Paragraph 1.44), a candidate may hold excess pre-candidacy contributions in a segregated account (a "SPEC account"), provided that, if they used any funds in that account for pre-payments, the candidate must exclude from their candidate committee account an amount equal to those pre-payments.
- N. From January 1, 2019 through March 11, 2019, Senator Williams solicited and received a total of \$130,000 in contributions that he directed to Make a Difference PAC. Had Senator Williams been a Mayoral candidate at the time, these transactions would have resulted in a total of \$74,100 in excess contributions. During this same time period, Senator Williams authorized numerous expenditures by Make A Difference PAC, some of which were to lay the groundwork for Senator Williams' 2019 mayoral campaign.
- O. Prior to Senator Williams becoming a candidate for Mayor, Make A Difference PAC spent \$12,983.50 in excess pre-candidacy contributions on focus groups that provided topics and findings that Senator Williams subsequently used in his campaign kickoff speech and in the subject areas of his campaign website in the early portions of his campaign. Because these expenditures were pre-payments, as defined by the City's Campaign Finance Law, Senator Williams should have, but did not, exclude the \$12,983.50 from the checking account of his candidate committee when he became a candidate for Mayor.
- P. Pursuant to Philadelphia Code § 20-1302 and Regulation No. 1, Paragraph 1.57(b) (formerly Paragraph 1.56(b)), a candidate who fails to exclude excess pre-candidacy contributions as required by the City's Campaign Finance Law is subject to a civil monetary penalty of \$1,000, which may be increased to \$2,000 or decreased to \$250, depending on aggravating or mitigating factors.

Senator Williams and Williams for Mayor- Excess Contribution Violations

- Q. Pursuant to Philadelphia Code § 20-1002(12) and Regulation No. 1, Paragraph 1.6, once an individual becomes a candidate, they may not accept any contribution that exceeds the contribution limits set forth in the City's Campaign Finance Law.
- R. Pursuant to Philadelphia Code § 20-1002(5) and Regulation No. 1, Paragraph 1.7, a pre-candidacy contribution made in the same calendar year that an individual becomes a candidate shall count toward the contribution limits set forth in the City's Campaign Finance Law.

- S. Prior to Senator Williams becoming a candidate for Mayor, Make A Difference PAC accepted contributions of \$20,000 each from Karen Palmieri, Harold Honickman, and Francis McGorry to support Senator Williams.⁴
- T. After Senator Williams became a candidate for Mayor, Williams for Mayor accepted the below contributions from Ms. Palmieri, Mr. Honickman, and Mr. McGorry. Because each of these contributors had already contributed more than the individual limit of \$3,000 in 2019, these later contributions exceeded the limits.
1. \$6,000 from Karen Palmieri on April 22, 2019;
 2. \$3,000 from Harold Honickman on April 26, 2019; and
 3. \$3,000 from Francis McGorry on April 29, 2019.
- U. Pursuant to Regulation No. 1, Paragraph 1.15, a contribution made by a check that reflects a joint checking account of two or more individuals shall be attributed to the joint account holder who signs the check. If more than one account holder signs a contribution check, the contribution shall be apportioned evenly between the signers. If an individual other than an account holder signs a contribution check, the contribution shall be attributed evenly among the joint account holders.
- V. While he was a candidate, Senator Williams accepted the following contributions:
1. \$6,000 from Suzanne Colligas on March 27, 2019;
 2. \$6,000 from Steven Lichtenstein on March 30, 2019;
 3. \$6,000 from Francis Vadino on April 26, 2019;
 4. \$6,000 from Christopher Vadino on April 26, 2019; and
 5. \$6,000 from Denise Dunn on April 29, 2019.

Although each of these contributions was made by a check drawn on a joint checking account, in each instance only one of the account holders signed the check. As a result, the full amount of each check is attributable to the signatory. Because the limit for a contribution to a candidate from an individual was \$3,000, each of these contributions exceeded the City's contribution limits by \$3,000.

- W. Pursuant to Philadelphia Code § 20-1301(1) and Regulation No. 1, Paragraph 1.51 (formerly Paragraph 1.50), accepting an excess contribution is subject to a civil monetary penalty of three times the excess portion of the contribution or \$2,000, whichever is less.

⁴ These three contributions resulted in \$51,000 of the \$74,100 in excess pre-candidacy contributions described in Paragraph N.

Williams for Mayor and Paula Wright: Material Omissions in Required Campaign Finance Reports

- X. Pursuant to Philadelphia Code § 20-1006(1)(a) and Regulation No. 1, Paragraphs 1.18 and 1.19 (formerly Paragraphs 1.18-1.20), candidates for City office and their political committees are required to electronically file campaign finance reports with the Board. Pursuant to Philadelphia Code § 20-1006(4) and Regulation No. 1, Paragraph 1.22 (formerly 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.
- Y. On May 17, 2019, Williams for Mayor filed a 24-hour contribution report with the Board. That report failed to disclose two in-kind contributions of \$2,750 for t-shirts. In addition, on May 21, 2019, Williams for Mayor filed a 24-hour contribution report with the Board that failed to disclose a \$5,050 in-kind contribution for vans.
- Z. Pursuant to Philadelphia Code §20-1302, the penalty for a violation of Philadelphia Code § 20-1006(4) is \$1,000, which may be increased to \$2,000 or decreased to \$250, depending on aggravating or mitigating factors.
- AA. On April 7, 2015, prior to the 2015 Municipal Primary Election in which Senator Williams was a candidate for Mayor, Senator Williams and Williams for Mayor entered into a settlement agreement with the Board to resolve violations of the City's Campaign Finance Law for (1) failing to appropriately segregate excess pre-candidacy contributions when he became a candidate for City elective office and (2) accepting excess contributions after he became a candidate for City elective.
- BB. In October 21, 2015, Williams for Mayor and Paula Wright entered into a settlement agreement with the Board to resolve a violation of the City's Campaign Finance Law for making material omissions in a 24-hour contribution report filed with the Board shortly before the 2015 Primary Election.
- CC. The Parties desire to enter into this Agreement in order to resolve the issues described herein.

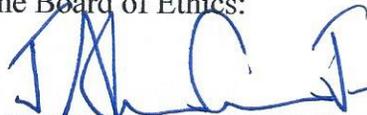
AGREEMENT

The Parties agree that:

1. By failing to exclude \$12,983.50 from the account of Williams for Mayor, as required by Code § 20-1002 and Regulation No. 1, Senator Williams violated the City's Campaign Finance Law for which he is liable for a civil monetary penalty of \$2,000, which he shall pay within 30 days of the effective date of the Agreement. In addition, Williams for Mayor shall disgorge to the City \$12,983.50.
2. By accepting the three excess contributions described in Paragraph T, Senator Williams and Williams for Mayor violated the City's Campaign Finance Law, for which they are jointly and severally liable for an aggregate civil monetary penalty of \$6,000. In addition, Williams for Mayor shall disgorge to the City \$12,000, which was the total amount of excess contributions accepted from these three donors.
3. By accepting the five excess contributions described in Paragraph V, Senator Williams and Williams for Mayor violated the City's Campaign Finance Law, for which they are jointly and severally liable for a civil monetary penalty of \$2,000. In addition, Williams for Mayor shall disgorge to the City \$15,000, which was the total amount of excess contributions accepted from these five donors.
4. By failing to disclose two \$2,750 in-kind contributions for t-shirts in a 24-hour contribution report filed with the Board, Williams for Mayor and Paula Wright violated the City's Campaign Finance Law, for which they are jointly and severally liable for a civil monetary penalty of \$2,000.
5. By failing to disclose a \$5,050 in-kind contribution for vans in a 24-hour contribution report filed with the Board, Williams for Mayor and Paula violated the City's Campaign Finance Law, for which they are jointly and severally liable for a civil monetary penalty of \$2,000.
6. Within 30 days of the effective date of the Agreement, Williams for Mayor shall file electronically with the Board amended 24-hour contribution reports to correct the omissions described in the Agreement.
7. The aggregate civil monetary penalties, for which Senator Williams and Williams for Mayor are jointly and severally liable, is \$8,000 which shall be paid by check or money order made payable to the City of Philadelphia and delivered to the offices of the Board within 45 days of the effective date of the Agreement.
8. The aggregate civil monetary penalty, for which Williams for Mayor and Paula Wright are jointly and severally liable, is \$4,000 which shall be paid by check or money order made payable to the City of Philadelphia and delivered to the offices of the Board within 60 days of the effective date of the Agreement.

9. The aggregate disgorgement that Williams for Mayor shall make to the City of excess pre-candidacy contributions and excess contributions is \$39,983.50. Such disgorgement shall be made by check payable to the City of Philadelphia and delivered to the offices of the Board on the following schedule:
 - 9.1. \$15,000 by December 31, 2021;
 - 9.2. \$15,000 by December 31, 2022;
 - 9.3. The balance by June 30, 2023.
10. Senator Williams, Williams for Mayor, and Ms. Wright 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 this Agreement.
11. In consideration of the above and in exchange for the compliance of Senator Williams, Williams for Mayor, and Ms. Wright with all the terms of the Agreement, the Board waives any further penalties or fines against them for the violations described in this Agreement.
12. The Parties will not make any public statements that are inconsistent with the terms of the Agreement.
13. If the Board or the City is forced to seek judicial enforcement of this Agreement, and prevails, Senator Williams, Williams for Mayor, and Ms. Wright shall be liable for Board and City attorneys' fees and costs reasonably expended in enforcing compliance with the Agreement. Fees for time spent by Board or City attorneys shall be calculated based upon standard and customary billing rates in Philadelphia for attorneys with similar experience.
14. The Agreement contains the entire agreement between the Parties.
15. The Executive Director, or his designee, will submit a signed copy of the Agreement to the Board for approval. The effective date of the Agreement shall be the date the Board approves the Agreement.
16. 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 any party and, except this paragraph, nothing in the Agreement shall be effective.

By the Executive Director of
the Board of Ethics:



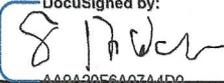
Dated: _____

2/12/21

J. Shane Creamer, Jr.
Executive Director

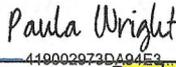
By the Hon. Anthony Hardy Williams:

Dated: 2/9/2021

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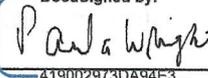
By Williams for Mayor:

Dated: 2/9/2021

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Paula Wright, Treasurer

By Paula Wright:

Dated: 2/12/2021

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Approved by the Board of Ethics on 2/17/2021


Michael H. Reed
Chair