

SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is made and entered into between the Board of Ethics of the City of Philadelphia (“Ethics Board”), Friends of Maria, by Peter Winebrake, its Treasurer, and Councilwoman Maria Quiñones-Sanchez (“the Quiñones-Sanchez Campaign”). The Ethics Board and the Quiñones-Sanchez Campaign are referred to jointly as “the Parties.”

RECITALS

- A. The Philadelphia Board of Ethics is an independent board that was established by Charter amendment, approved by voters, 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 Board has the authority to render advice, investigate complaints and issue fines.
- B. Friends of Maria is the candidate committee of Maria Quiñones-Sanchez
- C. Maria Quiñones-Sanchez is the City Councilmember for Philadelphia’s 7th Councilmanic District and was a candidate for that office in 2007.
- D. Peter Winebrake is the treasurer of Friends of Maria.
- E. Because Friends of Maria’s 2007 campaign finance reports disclosed contributions and expenditures related to candidates for city office, the committee was required to, and did, electronically file copies of those campaign finance reports with the Ethics Board, via the Philadelphia Department of Records, pursuant to §20-1006 of the city’s campaign finance law.
- F. 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.
- G. In May 2008, pursuant to its mandate and in response to a confidential complaint, the Ethics Board commenced an investigation into expenditures made by the Quiñones-Sanchez Campaign in 2007.
- H. During the course of its investigation, the Ethics Board obtained bank records and other documents through Administrative Subpoenas, deposed witnesses, and reviewed campaign finance reports filed by multiple committees.

- I. In early May 2007, the Quiñones-Sanchez Campaign and the campaigns of five other candidates for City Council helped form a political action committee called New Direction Philly.org. The purpose of New Direction was to support the candidacy of each of the six candidates, particularly through full page newspaper advertisements. The six candidates were Maria Quiñones-Sanchez, Irv Ackelsberg, Andy Toy, Marc Stier, Derek Green, and Damon Roberts.
- J. Shortly after its formation, New Direction retained Evolve Strategies to prepare a full page advertisement featuring all six of the candidates. Philadelphia Newspapers told New Direction that it could place 10 ads for \$15,000 or 20 ads for \$25,000.
- K. On May 3, 2007, Governor Rendell endorsed Maria Quiñones-Sanchez's candidacy for City Council. The Quiñones-Sanchez Campaign wished to run full page advertisements featuring Governor Rendell's endorsement. Tomas Sanchez, campaign manager for the Quiñones-Sanchez Campaign, called Rob Stuart of Evolve Strategies and asked him if New Direction would place the advertisements in order to take advantage of the rate offered by Philadelphia Newspapers. Mr. Sanchez said that if New Direction paid the cost of the ads up front, he would arrange contributions to New Direction to pay it back. Mr. Stuart agreed to Mr. Sanchez's request.
- L. Beginning on May 7, 2007, New Direction placed 10 ads featuring all six of the candidates and 10 ads featuring Governor Rendell's endorsement of Ms. Quiñones-Sanchez. The ads were divided evenly between the *Inquirer* and the *Daily News*.
- M. In order to pay New Direction back for the cost of the ads featuring Governor Rendell's endorsement of Ms. Quiñones-Sanchez, the Quiñones-Sanchez campaign made the following payments New Direction: \$6,000 on May 31, 2007 and \$2,500 on August 29, 2007. Mr. Sanchez also arranged the following contributions from third parties to New Direction:

\$1,000 from Spring Property Development on May 8, 2007 and \$500 from Leithgow Investments on May 8, 2007.
- N. New Direction used the money received from the Quiñones-Sanchez Campaign and from Spring Property Development and Leithgow Investments to pay for the advertisements featuring Governor Rendell's endorsement of Ms. Quiñones-Sanchez.

- O. Neither Councilwoman Quiñones-Sanchez nor Mr. Winebrake was personally involved in the placement of the advertisements by New Direction, nor did they have any personal dealings with New Direction, Robert Stuart, or representatives of the *Inquirer* or *Daily News*. They had no intent to violate the City campaign finance, financial disclosure, or conflict of interest laws.
- P. Tomas Sanchez did not intend to violate the City campaign finance, financial disclosure, or conflict of interest laws when he asked New Direction to run the advertisements featuring Governor Rendell's endorsement or when he solicited the two donors who contributed to New Direction.
- Q. The Parties desire to enter into this Agreement in order to resolve the violations described herein.

AGREEMENT

The Parties agree as follows:

1. The Quiñones-Sanchez Campaign admits that its use of New Direction to pay for advertisements in the *Inquirer* and *Daily News* violated §20-1003 of the Philadelphia Code.
 - 1.1. Upon execution of the agreement, the Quiñones-Sanchez Campaign will pay a civil penalty of \$750 for its violation of §20-1003.
2. The Quiñones-Sanchez Campaign admits that its use of New Direction to accept the May 8, 2007 contribution from Spring Property Development violated §20-1003 of the Philadelphia Code.
 - 2.1. Upon execution of the agreement, the Quiñones-Sanchez Campaign will pay a civil penalty of \$750 for its violation of §20-1003.
3. The Quiñones-Sanchez Campaign admits that its use of New Direction to accept the May 8, 2007 contribution from Leithgow Investments violated §20-1003 of the Philadelphia Code.
 - 3.1. Upon execution of the agreement, the Quiñones-Sanchez Campaign will pay a civil penalty of \$750 for its violation of §20-1003.

4. In consideration of the above and in exchange for the Quiñones-Sanchez Campaign's compliance with all of the terms of the Agreement, the Board agrees to waive any further penalties or fines against the Quiñones-Sanchez Campaign for the violations described in the Agreement.
5. Within fourteen days of the execution of the Agreement, the Ethics Board agrees to discontinue *Board of Ethics v. Friends of Maria, et al.*, Philadelphia Court of Common Pleas, June 2009 Term, No. 01765.
6. The Parties will not to make any public statements that are inconsistent with the terms of the Agreement.
7. The Agreement contains the entire agreement between the Parties.
8. The Agreement shall become effective on execution by the Parties.

By the Board of Ethics of the City of Philadelphia:

Dated: 9/15/09

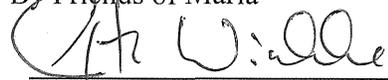

 Richard Glazer, Esquire
 Chair

Dated: 9/15/09

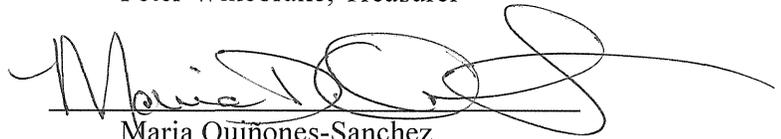

 J. Shane Creamer, Jr., Esquire
 Executive Director

By Friends of Maria

Dated: 9/15/09


 Peter Winebrake, Treasurer

Dated: 9/15/09


 Maria Quiñones-Sanchez