

## SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is made and entered into between the Board of Ethics of the City of Philadelphia, the Committee to Elect Joe Grace, and Micah Mahjoubian 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. The Ethics Board has provided a detailed interpretation of the campaign finance law in its Regulation No. 1 (Campaign Finance).
- B. The Committee to Elect Joe Grace was the authorized candidate political committee for Joe Grace, a candidate for the Democratic nomination for Philadelphia’s 1<sup>st</sup> City Council District seat in 2011. Grace did not prevail in the primary.
- C. Micah Mahjoubian is the treasurer of the Committee to Elect Joe Grace.
- D. Because Joe Grace was a candidate for a City of Philadelphia elective office, he and his authorized political committee, the Committee to Elect Joe Grace, were subject to Philadelphia’s campaign finance law for the 2011 election.
- E. Pursuant to the City’s campaign finance law, candidates for City office and their political committees are required to electronically file campaign finance reports with the Board disclosing their financial activity, including all unpaid debts. Former candidates for City office are required to electronically file campaign finance reports with the Board disclosing any post-candidacy contributions or expenditures, such as contributions received to retire debt incurred during the campaign.
- F. Pursuant to Philadelphia Code § 20-1006(4), 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.
- G. Pursuant to Philadelphia Code § 20-1302, a material omission or misstatement in a campaign finance report is subject to a civil monetary penalty of \$1,000 which may be increased or reduced depending on the presence of aggravating or mitigating factors.
- H. In 2011, as required by the City’s campaign finance law, the Committee to Elect Joe Grace filed a pre-primary (cycle 2) report on May 6<sup>th</sup> and a post-primary (cycle 3) report on June 16<sup>th</sup> disclosing contributions received, expenditures made, and debts incurred to support Grace’s candidacy. The committee also filed a pre-election (cycle 5) report on October 28<sup>th</sup> in which it disclosed post-candidacy expenditures to retire campaign debt as well as outstanding debts that had been incurred to support Grace’s candidacy.

- I. During the 2011 primary election campaign, the Grace campaign retained Soapbox Solutions LLC, a Philadelphia based firm specializing in campaign operations, fundraising, online organizing, and political strategy. Micah Mahjoubian is the Chief Executive Officer of Soapbox Solutions.
- J. The Grace campaign paid Soapbox Solutions a monthly consulting fee and also reimbursed the company for expenses incurred on its behalf. However, due to lack of funds, the committee accumulated a debt of \$7,281.28 to Soapbox Solutions for fees and expenses incurred in May 2011.
- K. The Committee to Elect Joe Grace should have, but did not, disclose an unpaid debt of \$7,281.28 owed to Soapbox Solutions in the post-primary (cycle 3) campaign finance report the committee filed with the Board on June 16, 2011.
- L. In late June of 2011, Mahjoubian arranged a meeting with John Dougherty, the Business Manager of IBEW Local 98 to see if Local 98's political committee, Local 98 COPE, would be willing to help retire some or all of the \$7,281.28 the Committee to Elect Joe Grace owed Soapbox Solutions. At the meeting, Mahjoubian gave Dougherty an itemized list of the Committee to Elect Joe Grace's debts, which included not just the \$7,281.28 owed to Soapbox Solutions, but also \$34,401.57 the committee owed various other creditors.
- M. Shortly after the meeting, while Mahjoubian was out of the country, Local 98 COPE sent Soapbox Solutions a check for \$41,682.85 which Mahjoubian's assistant deposited in the company's checking account.
- N. Mahjoubian learned of the payment of \$41,682.85 from Local 98 COPE when he returned to Philadelphia. Because the Committee to Elect Joe Grace only owed Soapbox Solutions \$7,281.28, on July 28, 2011, Mahjoubian sent Local 98 COPE a check for \$34,401.57.
- O. Local 98 COPE properly disclosed both the initial payment of \$41,682.85 to Soapbox Solutions and the refund of \$34,401.57 in campaign finance reports it filed with the Board.
- P. Local 98 COPE's net payment of \$7,281.28 to Soapbox Solutions to retire debt owed by the Committee to Elect Joe Grace was an in-kind contribution that the Committee to Elect Joe Grace should have, but did not, disclose in the pre-election (cycle 5) report it filed with the Board on October 28, 2011.
- Q. At all times, the Committee to Elect Joe Grace and Mahjoubian fully cooperated with the Board's investigation of the violations described in this Agreement.
- R. The Parties desire to enter into this Agreement in order to resolve the issues described herein.

## **AGREEMENT**

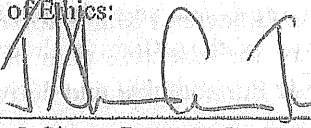
The Parties agree that:

1. The Committee to Elect Joe Grace's and Mahjoubian's failure to disclose an unpaid debt of \$7,281.28 owed to Soapbox Solutions in the committee's post-primary (cycle 3) campaign finance report violated § 20-1006(4) of the Philadelphia Code. This violation is subject to a civil penalty of \$1,000. However, the penalty is reduced to \$500 to reflect the committee's and Mahjoubian's cooperation with the Board's investigation.
2. The Committee to Elect Joe Grace's and Mahjoubian's failure to disclose an in-kind contribution of \$7,281.28 from Local 98 COPE in the committee's pre-election (cycle 5) report violated § 20-1006(4) of the Philadelphia Code. This violation is subject to a civil penalty of \$1,000. However, the penalty is reduced to \$500 to reflect the committee's and Mahjoubian's cooperation with the Board's investigation.
3. The Committee to Elect Joe Grace and Mahjoubian jointly shall pay the aggregate civil penalty of \$1,000 within 14 days of the effective date of the Agreement. Payment shall be made by check made out to the City of Philadelphia and delivered to the offices of the Board.
4. The Committee to Elect Joe Grace and Mahjoubian will amend its 2011 post-primary (cycle 3) campaign finance report within 14 days of the effective date of the Agreement to disclose an unpaid debt of \$7,281.28 owed to Soapbox Solutions.
5. The Committee to Elect Joe Grace and Mahjoubian will amend its 2011 pre-election (cycle 5) campaign finance report within 14 days of the effective date of the Agreement to disclose an in-kind contribution of \$7,281.28 from Local 98 COPE.
6. The Committee to Elect Joe Grace and Mahjoubian 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.
7. In consideration of the above and in exchange for the Committee to Elect Joe Grace's and Mahjoubian'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.
8. The Parties will not make any public statements that are inconsistent with the terms of the Agreement.
9. If the Ethics Board is forced to seek judicial enforcement of the Agreement, and prevails, the Committee to Elect Joe Grace and Mahjoubian shall be jointly and severally liable for attorneys' fees and costs reasonably expended in enforcing compliance with this 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.
10. The Agreement contains the entire agreement between the Parties.

11. The Parties will submit a signed copy of the Agreement to the Board for approval.
12. 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.
13. 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 or considering or resolving an administrative adjudication of the matters described in the Agreement.
14. If the Board rejects the proposed Agreement, nothing in the proposed Agreement shall be considered an admission by either party and, except for paragraph 13, nothing in the Agreement shall be effective.

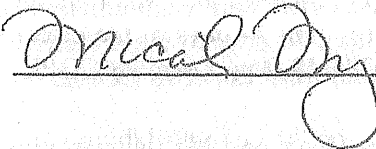
By the Executive Director of the  
Board of Ethics:

Dated: 4/19/12

  
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J. Shane Creamer, Jr., Esquire

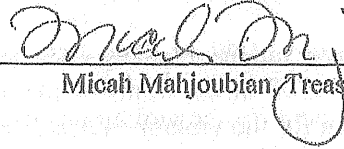
By Micah Mahjoubian:

Dated: 4-13-12

  
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Micah Mahjoubian, Treasurer

By the Committee to Elect Joe Grace:

Dated: 4-13-12

  
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Micah Mahjoubian, Treasurer

Approved by the Board of Ethics:

Effective Date: 5/16/2012

  
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Richard Glazer, Esquire  
Chair