SETTLEMENT AGREEMENT

This Settlement Agreement ("Agreement") is made and entered into between the Board of Ethics of the City of Philadelphia ("Ethics Board"). Knox for Philly and Tom Knox ("the Knox Campaign"). The Ethics Board and the Knox 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. Knox for Philly was the candidate committee for Tom Knox’s mayoral campaign in 2007.

C. Tom Knox was a candidate for Mayor of Philadelphia in the May 2007 primary election.

D. Because Knox for Philly’s 2007 cycle 3 campaign finance report disclosed contributions and expenditures related to an election for City office, the committee was required to, and did, electronically file a copy of that report with the Ethics Board, via the Philadelphia Department of Records, pursuant to §20-1006 of the city’s campaign finance law.

E. The making of a material omission or misstatement in any campaign finance report filed with the Ethics Board violates 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 March 2008, pursuant to its mandate, the Ethics Board commenced an investigation into expenditures made by the Knox Campaign in 2007.

H. During the course of its investigation, the Ethics Board reviewed campaign finance reports, obtained bank records, emails, and other documents through Administrative Subpoenas, and deposed and interviewed numerous witnesses.

I. Through its investigation, the Ethics Board identified five violations of Philadelphia’s campaign finance law by the Knox Campaign.
J. In early 2007, the Knox Campaign retained Thera Martin Connelly, a local radio personality, to create and place political advertisements supporting Mr. Knox’s candidacy. The advertisements were to be aired on radio stations targeted to African-American listeners.

K. In early May, after Ms. Martin Connelly had written several scripts for the Knox Campaign, she wrote a script for another radio ad about former City Councilman, and then candidate for Mayor, Michael Nutter’s opposition to the relocation of the Christian Stronghold Baptist Church in West Philadelphia.

L. After Ms. Martin Connelly drafted a script, a disclaimer that the advertisement was paid for by the “Alliance for Better Christians” was added to the script. The “Alliance for Better Christians” does not exist and was fabricated to mislead the public by making it appear that an independent Christian organization was against Mr. Nutter and had created and funded the negative ad.

M. Ms. Martin Connelly arranged for the advertisement to be recorded at the home of Walter Wimberly on Saturday, May 5, 2007.

N. The advertisement (“Christian Stronghold ad”) stated:

Remember when Christian Stronghold Baptist Church was working to get some land over in the Park Side Community to build a new church?
Do you remember how hard former City Councilman Michael Nutter fought against them to get that land?
It was as if he wanted to disrespect the Church which is a step away from disrespecting God.
Do you really want a person for Mayor who fights against a church having a chance to grow?
Do you really want a person for Mayor who lacks the vision to see barren land with no development at all have a beautiful church built on it that will bring light and worship to a community?
Do you really want a Mayor who won’t help church people?
Think about it.
The Church is in the business of forgiving, but sometimes it’s very hard to forget.
Yesterday Michael Nutter fought against Christian Stronghold, tomorrow he may fight against you.
On election day remember who stood against Christian Stronghold: Michael Nutter, who claims he wants to be mayor but if he will disrespect the church what else or whom else will Michael Nutter disrespect?
Paid for by the Alliance for Better Christians.
O. On Saturday, May 5, 2007, Mr. Wimberly emailed the audio file of the Christian Stronghold recording to Ms. Martin Connelly. On Sunday, May 6, Ms. Martin Connelly emailed the audio file of the Christian Stronghold recording to Josh Morrow, the campaign manager for the Knox Campaign.

P. Ms. Martin Connelly drew up a proposal of how many times and on what stations the Christian Stronghold ad would run.

Q. On May 9, 2007, the Knox Campaign wired $13,215 to the West Philadelphia Democratic Club’s Royal Bank checking account. The wired funds were used to cover the cost of running the Christian Stronghold ad on four radio stations. Tom Knox signed the wire transfer request.

R. The same day that the Knox Campaign wired $13,215 to West Philadelphia Democratic Club, Jeffrey Felder, the chair and acting treasurer of the West Philadelphia Democratic Club, withdrew $13,215 in four Treasurer’s Checks to pay four radio stations to run the Christian Stronghold ad. Check no. 65971 for $5,675 was made out to Radio One for ads on WPPZ. Check no. 65972 for $700 was made out to Radio One for ads on WRNB. Check no. 65973 for $5,000 was made out to Clear Channel Radio for ads on WDAS.

S. Mr. Felder gave all four of the checks to Ms. Martin Connelly to deliver to the radio stations.

T. On May 9, 2007, Ms. Martin Connelly used West Philadelphia Democratic Club Treasurer’s check number 65974 to pay for advertising time on WURD for the Christian Stronghold ad. The advertisement began to run on WURD on May 10.

U. On May 10, 2007, Ms. Martin Connelly purchased advertising time for the Christian Stronghold ad in the name of West Philadelphia Democratic Club on two stations owned by Radio One: WPPZ and WRNB. The ad ran 19 times on WPPZ from May 11 to May 15. The ad ran twice on WRNB on May 13. Ms. Martin Connelly paid for the ads with the West Philadelphia Democratic Club Treasurer’s checks numbered 65971 and 65972.

V. On or about May 10, 2007, Ms. Martin Connelly tried to purchase advertising time on WDAS for the Christian Stronghold ad using Royal Bank check no. 65973. However, Clear Channel Radio, the parent company of WDAS, refused to run the ad. Clear Channel Radio returned the check to Ms. Martin Connelly.

W. Although the Knox Campaign’s May 9 wire transfer of $13,215 to West Philadelphia Democratic Club was used to pay the cost of running the Christian Stronghold ad on four radio stations, the Knox Campaign described the expenditure as “Reimburse-Election Day” in the 2007 Cycle 3 campaign finance report it filed with the Board of Ethics on May 14, 2007.
X. The Parties desire to enter into this Agreement in order to resolve the violations described herein.

AGREEMENT

The Parties agree as follows:

1. The Knox Campaign used the West Philadelphia Democratic Club to fund a radio advertisement on WURD opposing Michael Nutter’s candidacy for Mayor, in violation of §20-1003 of the Philadelphia Code. The Knox Campaign agrees to pay a civil penalty of $1,000 for this violation.

2. The Knox Campaign used the West Philadelphia Democratic Club to fund a radio advertisement on WPPZ opposing Michael Nutter’s candidacy for Mayor, in violation of §20-1003 of the Philadelphia Code. The Knox Campaign agrees to pay a civil penalty of $1,000 for this violation.

3. The Knox Campaign used the West Philadelphia Democratic Club to fund a radio advertisement on WRNB opposing Michael Nutter’s candidacy for Mayor, in violation of §20-1003 of the Philadelphia Code. The Knox Campaign agrees to pay a civil penalty of $1,000 for this violation.

4. The Knox Campaign used the West Philadelphia Democratic Club to fund a radio advertisement on WDAS opposing Michael Nutter’s candidacy for Mayor, in violation of §20-1003 of the Philadelphia Code. The Knox Campaign agrees to pay a civil penalty of $1,000 for this violation.

5. The Knox Campaign made a material misstatement in its 2007 cycle 3 campaign finance reports with regard to its May 9, 2007 expenditure of $13,215 to the West Philadelphia Democratic Club, thereby violating §20-1006(4) of the Philadelphia Code. The Knox Campaign agrees to pay a civil penalty of $1,500 for this violation. The Knox Campaign also agrees that within 14 days of the execution of the Agreement it will amend its 2007 cycle 3 report to correct the material misstatement.

6. The Knox Campaign owes the City of Philadelphia an aggregate civil penalty of $5,500, which shall be paid through the Ethics Board within 14 days of the execution of the Agreement.

7. Within 14 days of the execution of the Agreement, the Knox Campaign will reimburse the City of Philadelphia $10,000 for costs the Ethics Board incurred in its investigation into the violations described herein.
8. In consideration of the above and in exchange for the Knox Campaign’s compliance with all of the terms of the Agreement, the Board waives any further penalties or fines against the Knox Campaign for the violations described in the Agreement and for any other potential violations arising out of or relating to the facts and circumstances described herein.

9. If the Ethics Board is forced to seek judicial enforcement of the Agreement, the Knox Campaign shall be liable for attorneys’ fees and costs reasonably expended in enforcing compliance with this Agreement. Fees for time spent by Ethics 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 Agreement shall become effective on execution by the Parties.

Dated: 9/14/2009

By the Board of Ethics of the City of Philadelphia:

Richard Glazer, Esquire
Chair

J. Shane Creamer, Jr., Esquire
Executive Director

By Knox for Philly:

Dated: 9/14/09

Tom Knox

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