

## **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, and Melanie Johnson, 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 and Chapter 20-600 of the Philadelphia Code, the Board is charged with administering and enforcing the City Ethics Code.
- B. Melanie Johnson was the City Representative of the City of Philadelphia from 2008-2012. She was an employee of the Mayor’s Office from 2013-2015.
- C. The City Representative is a Cabinet level official appointed by the Mayor of Philadelphia. The City Representative is responsible for organizing and administering large-scale events for Philadelphia, including the Philadelphia Marathon, the Centenarian Celebration, and the Holiday Tree Lighting.
- D. Because of her position as City Representative, Ms. Johnson served as the Chair of the Board of the Fund for Philadelphia, Inc. (“the Fund”). The Fund is a non-profit corporation that raises money to support City-related programs and initiatives. From 2008-2012, the majority of the Board members of the Fund were City officers or employees. Ms. Johnson authorized payments and signed checks on behalf of the Fund. She also supervised the Fund’s Executive Director and other staff members.
- E. From 2008-2012, the Office of the City Representative made a yearly payment of approximately \$122,500 to the Fund. These monies were to be used to pay for City programming, such as the Holiday Tree Lighting. During this time period, the Office of the City Representative also administered the Philadelphia Marathon.
- F. Because of her position as City Representative, Ms. Johnson also served as the Chair of Wawa Welcome America, Inc. (“Welcome America”). Welcome America is a non-profit corporation that was formed to administer and pay for the Welcome America 4th of July celebration. From 2008-2012, Welcome America received donations from private persons, the City, and the Fund. Ms. Johnson authorized payments and signed checks on behalf of Welcome America.
- G. In March of 2017, Board Enforcement Staff learned from news reports that Ms. Johnson had potentially used her City position to authorize spending for her personal benefit. Based on this information, Board Enforcement Staff opened an investigation into potential violations of the City’s Ethics Code. In the course of the investigation, Enforcement Staff obtained documents, such as emails and financial records, and took statements from witnesses. Board Enforcement Staff also interviewed Ms. Johnson.

- H. Philadelphia Code Section 20-607(a) prohibits a City employee from taking official action when she has a personal financial interest in that action. Pursuant to Code Section 20-1302, a violation of Section 20-607(a) is subject to a civil monetary penalty of \$1,000 which may be increased to \$2,000 if an aggravating factor is present or decreased to as low as \$250 if mitigating factors are present.
- I. In 2008, Ms. Johnson opened credit card accounts on behalf of the Fund and had cards issued in her name and in the name of two other individuals. The credit cards were intended to be used to pay for authorized Fund expenses. Prior to this action, the Fund had no credit cards and made all expenditures by check. The bills for these credit cards were paid through automatic payments from one of the Fund's bank accounts. Credit card charges were supposed to be reconciled on a monthly basis.
- J. From 2008-2012, Ms. Johnson used the Fund credit card issued in her name to make \$4,175.96 in purchases for her personal benefit. These purchases included meals, an iPad, travel, and assorted personal purchases.
- K. From 2008-2011, Ms. Johnson authorized and signed Fund checks totaling \$1,758 to pay for her personal membership and attendance fees for a local professional organization.
- L. In 2010, Ms. Johnson stayed for four nights at the Four Seasons Hotel in advance of and during the Wawa Welcome America Fourth of July celebration. Although Ms. Johnson authorized the Welcome America account to pay \$714.24 for her stay, only two of the nights, which cost \$357.12, were required for the performance of her City job duties.
- M. In 2011, Ms. Johnson stayed for five nights at the Four Seasons Hotel in advance of and during the Wawa Welcome America Fourth of July celebration. Although Ms. Johnson authorized the Welcome America account to pay \$1,029.98 for her stay, only two of the nights were required for the performance of her City job duties. After review by the Department of Finance, Ms. Johnson reimbursed Welcome America \$661.34 to cover three of the five nights, plus the associated food and drink charges for her stay.
- N. On several other occasions from 2008 through 2012, Ms. Johnson reimbursed the Fund for some of the personal purchases she had made. These reimbursements totaled \$1,454.14. In addition, in early 2013, due to concerns raised by Fund and City officials regarding Fund expenditures, Ms. Johnson made a payment of an additional \$733 to the City of Philadelphia.
- O. All told, Ms. Johnson reimbursed the Fund, Welcome America, and the City \$2,848.48 of the \$6,952.42 in personal purchases she made using Fund and Welcome America monies.
- P. Ms. Johnson cooperated with the Board's investigation of the violations described in this Agreement.
- Q. The Parties enter into this Agreement in order to resolve the matters described herein.

## AGREEMENT

The Parties agree that:

1. By taking official action as City Representative to make and authorize purchases for her personal benefit from accounts held by the Fund for Philadelphia, Inc. and Wawa Welcome America, Inc., Ms. Johnson violated Philadelphia Code Section 20-607(a), for which she is subject to a civil monetary penalty of \$2,000.
2. Ms. Johnson shall reimburse the City \$4,103.94, which is the amount of purchases for her personal benefit she made from Fund and Welcome America accounts, less the amounts she previously reimbursed.
3. Payment of the aggregate \$6,103.94 civil monetary penalty and reimbursement shall be made by check or money order made payable to the City of Philadelphia and delivered to the offices of the Board on the following schedule:
  - 3.1. \$1,000 within 30 days of the effective date of the Agreement;
  - 3.2. \$1,000 within 90 days of the effective date of the Agreement; and
  - 3.3. At least \$500 every 90 days thereafter until the full amount is paid, provided that the full amount shall be paid by August 31, 2019.
4. Ms. Johnson releases and holds 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.
5. In consideration of the above and in exchange for Ms. Johnson's compliance with all of the terms of the Agreement, the Board waives any further penalties or fines against her for the violations described in the Agreement.
6. The Parties will not make any public statements that are inconsistent with the terms of the Agreement.
7. If the Board or the City is forced to seek judicial enforcement of the Agreement, and prevails, Ms. Johnson shall be liable for 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.
8. The Agreement contains the entire agreement between the Parties.
9. The Executive Director, or his designee, will submit a signed copy of the Agreement to the Board for approval. The Agreement shall become effective upon approval by the Board.
10. 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: 9/4/18

  
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J. Shane Creamer, Jr.

By Melanie Johnson:

Dated: August 10, 2018

  
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Approved by the Board of Ethics on 9/12/2018.

  
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Michael H. Reed, Esquire  
Chair