

## 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, Real Justice PAC, and Rebecca Bond, the Treasurer of Real Justice PAC, 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, the Board is charged with administering and enforcing the City’s Campaign Finance Law.
- B. Real Justice PAC is a political committee based in San Francisco, California. In early 2017, the committee registered with the Pennsylvania Department of State in order to engage in activity in Pennsylvania. Rebecca Bond is the Treasurer of Real Justice PAC.
- C. Under the City’s Campaign Finance Law, a political committee could not make contributions of more than \$23,800<sup>1</sup> in 2017 to a candidate for District Attorney. Both monetary and in-kind contributions count towards the limits.
- D. An excess contribution by a political committee violates Philadelphia Code § 20-1002(2) and is subject to a civil monetary penalty of three times the amount by which the contribution exceeded the limit, or \$2,000, whichever is less.
- E. As provided by Board Regulation No. 1, Paragraph 1.1(q), an in-kind contribution occurs if a person: (i) provides goods or services directly to a candidate’s campaign without charge or at a reduced charge; (ii) pays someone else to provide goods or services to the candidate’s campaign; or (iii) coordinates expenditures it makes to advocate or influence the election of the candidate with the candidate’s campaign.
- F. Pursuant to the City’s Campaign Finance Law, if a political committee makes expenditures or incurs debt to influence a covered City election, it is required to electronically file with the Board a campaign finance report that discloses the committee’s financial transactions during the relevant reporting period. Pursuant to Philadelphia Code § 20-1006(4) and Regulation No. 1, 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.
- G. In June of 2018, Board Enforcement Staff received a referral that indicated potential violations of the City’s Campaign Finance Law in 2017 by Real Justice PAC and the campaign of District Attorney candidate Lawrence Krasner. Accordingly, the Executive Director opened an investigation during which Enforcement Staff obtained bank records, emails, text messages, campaign records, and other documents and information.

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<sup>1</sup> This figure was double the usual contribution limit because one of the candidates for District Attorney in 2017 contributed more than \$250,000 of his own money to his campaign.

- H. Real Justice PAC was founded in February of 2017 as a national federal PAC with the goal of changing the criminal justice system by electing reform-minded District Attorneys. Real Justice PAC identified the 2017 Philadelphia District Attorney election and the candidacy of Mr. Krasner as being of particular interest. Real Justice PAC decided that the best way for it to support Mr. Krasner's candidacy would be to embed three full time staffers with his campaign to develop and run a volunteer based peer-to-peer text message program and a phone bank operation using a web-based dialer system. The three embedded staffers worked closely with other members of the Krasner campaign.
- I. Two of these embedded staffers worked with the Krasner campaign from late March through the May 16, 2017 Primary Election. Real Justice PAC paid these two staffers a total of \$17,104.84 during this time period and also reimbursed them a total of \$465.24 for travel. The Krasner campaign did not make any payments to these two staffers.
- J. The third staffer worked with the Krasner campaign from early April through the November 7, 2017 General Election. Real Justice PAC paid this staffer a total of \$16,250 for the time period of April through early September. In August of 2017, the Krasner campaign named the staffer a Deputy Campaign Manager and began making payments to him.
- K. In addition to the payments made to the three staffers, Real Justice PAC made administrative expenditures of \$1,000 related to the work they did for the Krasner campaign.
- L. By paying people who worked as staffers on the Krasner campaign, as described above, Real Justice PAC made in-kind contributions to the Krasner campaign totaling \$34,820.08 in 2017, which was \$11,020.08 in excess of the limits imposed by the City's Campaign Finance Law.
- M. Real Justice PAC and the Krasner campaign were aware that any expenditures Real Justice PAC made in coordination with the campaign would be in-kind contributions. In 2017, however, Real Justice PAC miscalculated the amount of expenditures to the embedded staffers that would be attributable as in-kind contributions. Neither Real Justice PAC nor the three embedded staffers kept documentation of the specific amount of time they spent working on matters related to the Krasner campaign nor did anyone from the Krasner campaign request such documentation.
- N. Real Justice PAC filed campaign finance reports with the Board in 2017, as required by the City's Campaign Finance Law, but the reports the PAC filed for Cycles 2, 3, and 4 did not properly disclose the in-kind contributions Real Justice PAC made to the Krasner campaign.
- O. Real Justice PAC and Ms. Bond cooperated with the Board's investigation.
- P. The Parties desire to enter into this Agreement in order to resolve the issues described herein.

## **AGREEMENT**

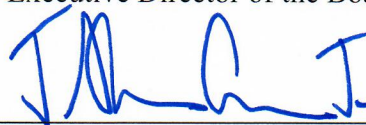
The Parties agree that:

1. By making in-kind contributions to the campaign of Lawrence Krasner in excess of the City's contribution limits, Real Justice PAC violated Philadelphia Code § 20-1002(2), for which it is liable for a civil monetary penalty of \$2,000.
2. Because the 2017 Cycle 2 campaign finance report they filed with the Board contained material misstatements and omissions in violation of Philadelphia Code § 20-1006(4), Real Justice PAC and Ms. Bond are jointly and severally liable for a civil monetary penalty of \$2,000.
3. Because the 2017 Cycle 3 campaign finance report they filed with the Board contained material misstatements and omissions in violation of Philadelphia Code § 20-1006(4), Real Justice PAC and Ms. Bond are jointly and severally liable for a civil monetary penalty of \$2,000.
4. Because the 2017 Cycle 4 campaign finance report they filed with the Board contained material misstatements and omissions in violation of Philadelphia Code § 20-1006(4), Real Justice PAC and Ms. Bond are jointly and severally liable for a civil monetary penalty of \$2,000.
5. The civil monetary penalties set forth in Paragraphs 1 through 4 are due within 30 days of the effective date of the Agreement. Payment shall be by check or money order made payable to the City of Philadelphia and delivered to the offices of the Board of Ethics.
6. Within 30 days of the effective date of the Agreement, Real Justice PAC will electronically file with the Board amended campaign finance reports correcting the reporting failures described in this Agreement.
7. From the effective date of the Agreement through December 31, 2021, Real Justice PAC shall notify the Board's Executive Director if it intends to make any expenditures to influence a particular covered City election. Such notice shall be due within 14 days of Real Justice PAC making its initial expenditure for that election.
8. Real Justice PAC and Ms. Bond 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 the Agreement.
9. In consideration of the above and in exchange for the compliance of Real Justice PAC and Ms. Bond with all of the terms of the Agreement, the Board waives any further penalties or fines against them for the conduct described in the Agreement.
10. The Parties will not make any public statements that are inconsistent with the terms of the Agreement.

11. If the City is forced to seek judicial enforcement of this Agreement, and prevails, Real Justice PAC and Ms. Bond shall be liable for attorneys' fees and costs reasonably expended in enforcing compliance with the Agreement. Fees for time spent by City attorneys shall be calculated based upon standard and customary billing rates in Philadelphia for attorneys with similar experience.
12. The Agreement contains the entire agreement between the Parties.
13. 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.
14. 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 for this paragraph, nothing in the Agreement shall be effective.

By the Executive Director of the Board of Ethics:

Dated: 2/25/19



J. Shane Creamer, Jr.  
Executive Director

By Real Justice PAC:

Dated: 2/22/2019




Rebecca Bond, Treasurer

By Rebecca Bond:

Dated: 2/22/2019



Approved by the Board of Ethics on 2/27/19:



Michael H. Reed  
Chair