

PHILADELPHIA BOARD OF ETHICS
REGULATION NO. 3
STATEMENT OF FINANCIAL INTERESTS

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SUBPART A. SCOPE; DEFINITIONS

3.0 Scope. This Regulation, promulgated by the Board pursuant to its authority under Sections 4-1100 and 8-407 of the Philadelphia Home Rule Charter and Chapter 20-600 of The Philadelphia Code, interprets the requirements and prohibitions of Philadelphia Code Section 20-610 (Statement of Financial Interests). The examples provided in this Regulation are for illustration and are not exhaustive.

3.1 Definitions. As used herein, the following words and phrases shall have the meanings indicated.

- a. **Board.** Board of Ethics.
- b. **Business.** Any corporation, partnership, sole proprietorship, firm, enterprise, franchise, association, organization, self-employed individual, holding company, joint stock company, receivership, trust, or legal entity organized for profit.
- c. **City.** City of Philadelphia.
- d. **City-related agency.** Any governmental entity, such as SEPTA or the Philadelphia Redevelopment Authority, or other body established by federal, state, or City law that receives appropriations from the City or has board members or directors who are appointed by the Mayor or City Council or are City officers or employees serving *ex officio*.
- e. **City-related non-profit.** Any not-for-profit entity established by the City, such as the Delaware River Waterfront Corporation, Community Behavioral Health, the Philadelphia Housing Development Corporation, and the Philadelphia Industrial Development Corporation.
- f. **Employee.** An employee of the City, including those serving full-time, part-time, or seasonally, and those on leaves of absence with or without pay, but not including:
 - i. Elected officials; or
 - ii. An employee on unpaid leave to be a full-time elected officer or appointed staff representative of a City employee union.
- g. **Family member.** A parent, spouse, life partner, child, brother, sister, or like relative-in-law.
- h. **Filer.** An individual required to file a Statement of Financial Interests pursuant to this Regulation.
- i. **Financial interest.** An interest involving money or its equivalent or an interest involving any right, power, or privilege that has economic value, including interests in property or investments.

- j. **Gift.** A payment, subscription, advance, forbearance, rendering or deposit of money, services or anything of value given to, or for the benefit of, an officer or employee, unless consideration of equal or greater value is received. “Gift” shall not include a political contribution otherwise reportable as required by law, a commercially reasonable loan made in the ordinary course of business, or a gift received from a family member of the individual or from a relative within the third degree of consanguinity of the individual or of the individual's spouse or Life Partner, or from the spouse or Life Partner of any such relative.
- k. **Government entity.** Any agency, office, department, board, commission, authority, or other entity that is part of the United States or a State, local, or foreign government.
- l. **Honorarium.** Payment made in recognition of published works, appearances, speeches, or presentations and which is not intended as consideration for the value of such services. The term does not include tokens presented or provided which are of de minimis economic impact.
- m. **Immediate family member.** A parent, spouse, life partner, child, or sibling.
- n. **Income.** Any money or thing of value received, or to be received as a claim on future services, whether in the form of a fee, salary, expense, allowance, forbearance, forgiveness, interest, dividend, royalty, rent, capital gain, or any other form of recompense, or any combination thereof. As used in this Regulation, amounts of income refer to gross income, i.e. the amount before any costs, taxes, fees, benefit premiums, or other deductions or offsets are applied.
- o. **Life partner.** An individual who has a long-term committed relationship with another individual of any gender.
- p. **Officer.** An individual who is elected or appointed to any position under the Charter or in a City department, agency, office, board, or commission, whether paid or unpaid.
- q. **Person.** A business, individual, corporation, non-profit, union, association, firm, partnership, committee, political committee, club, or other organization or group of persons.
- r. **Reporting year.** The calendar year immediately preceding the year in which a Statement of Financial Interests must be filed.

3.2 Applicability. Except where expressly indicated otherwise, the provisions of this Regulation apply to all officers and employees of the City who are required to file a Statement of Financial Interests.

SUBPART B. WHO MUST FILE A STATEMENT OF FINANCIAL INTERESTS

3.3 Elected Officers. Mayor, City Councilmember, City Controller, District Attorney, City Commissioner, and Sheriff.

3.4 Executive Branch Officers and Employees.

- a.** The Managing Director, City Solicitor, Mayor's Chief of Staff, Finance Director, Chief Administrative Officer, Commerce Director, Director of Planning and Development, Director of Labor, City Representative, Chief Integrity Officer, Chief Diversity, Equity, and Inclusion Officer, Chief Education Officer, Inspector General, City Treasurer, and any other deputy mayor or member of the Mayor's cabinet not specifically listed herein.
- b.** The Police Commissioner, Health Commissioner, Fire Commissioner, Streets Commissioner, Parks and Recreation Commissioner, Commissioner for the Department of Human Services, Water Commissioner, Commissioner of Public Property, Commissioner of Licenses and Inspections, Commissioner of Records, Revenue Commissioner, Procurement Commissioner, Prisons Commissioner, Commissioner for the Department of Behavioral Health and Intellectual disability Services, Commissioner of the Department of Fleet Services, and Director of the Free Library.
- c.** The heads of the following offices: Office of Policy; Office of Communications; Office of LGBT Affairs; Office of People with Disabilities; Office of Public Engagement; Mayor's Office of Black Male Engagement; Mayor's Office of Civic Engagement and Volunteer Services; Mayor's Office of Engagement for Women; Mayor's Office of Youth Engagement; Office of Faith-Based and Interfaith Affairs; Office of Worker Protections; Office of Labor Standards; Office of Labor Relations; Office of Violence Prevention; Office of Homeless Services; Office of Emergency Management; Office of Community Empowerment & Opportunity; Office of Arts, Culture, and the Creative Economy; Office of Special Events; Office of Immigrant Affairs; Office of Transportation, Infrastructure, and Sustainability; Office of Complete Streets; Office of Sustainability; Office of Economic Opportunity; Office of Administrative Review; Office of Innovation and Technology; Office of Human Resources; Office of Grants and Recovery; Office of Budget and Program Evaluation; Office of Risk Management; Office of Property Assessment; Finance Program Management Office; and Office of Children and Families.
- d.** Any executive branch employee whose position is designated by the Mayor in writing to the Board's Executive Director via email or letter. The Board shall maintain a list of all such designated positions.

3.5 Boards and Commissions. Members and executive directors of the following boards and commissions:

- a. Air Pollution Control Board
- b. Art Commission
- c. Board of Building Standards
- d. Board of Ethics
- e. Board of Health
- f. Board of Labor Standards
- g. Board of Pensions and Retirement
- h. Board of Revision of Taxes
- i. Board of Safety and Fire Prevention
- j. Board of Surveyors
- k. City Planning Commission
- l. Citizens Police Oversight Commission
- m. Civil Service Commission
- n. Commission on Human Relations
- o. Fair Housing Commission
- p. Free Library of Philadelphia, Board of Trustees
- q. Historical Commission
- r. Historical Commission Architectural Committee
- s. Historical Commission Committee on Historic Designation
- t. Licenses & Inspections Review Board
- u. Living Wage and Benefits Review Committee
- v. Philadelphia Gas Commission
- w. Police Advisory Commission
- x. Sinking Fund Commission
- y. Tax Review Board
- z. Water, Sewer and Storm Water Rate Board
- aa. Zoning Board of Adjustment

3.6 Nominating Panels. A member of the Educational Nominating Panel, Civil Service Panel, Citizens Police Oversight Commission Selection Panel, or Finance Panel, but only when the panel is convened.

SUBPART C. FILING STATEMENTS OF FINANCIAL INTERESTS

3.7 Filing Deadline

- a.** An individual who is required to file a Statement of Financial Interests must do so by the first day of May in any year in which they hold office and by the first day of May of the year after they leave such office.
- b.** An individual who takes office after the first day of April shall file within 30 days of taking office.
- c.** An employee that the Mayor designates to file a Statement pursuant to Paragraph 3.4(d), shall do so either by May 1st or within 30 days of the designation.

Examples for Paragraph 3.7

- 1) An individual accepts a position as the head of a City Department on April 28, 2021. They must file a Statement of Financial Interests with the Board by May 28, 2021. The information in the Statement will relate to calendar year 2020.
- 2) An individual is appointed to a board listed in Paragraph 3.5 on August 3, 2021. They must file a Statement of Financial Interests with the Board by September 2, 2021. The information in the Statement will relate to calendar year 2020.
- 3) An individual steps down as a member of a board listed in Paragraph 3.5 on January 2, 2021. They must file a Statement of Financial Interests with the Board by May 1, 2021 disclosing information related to calendar year 2020. They must also file a Statement of Financial Interests with the Board by May 1, 2022 disclosing information related to calendar year 2021.
- 4) A nominating panel listed in Paragraph 3.6 convenes on September 15, 2021 and concludes its work on November 1, 2021. The panel's members must each file a Statement of Financial Interests with the Board by October 15, 2021 disclosing information related to calendar year 2020. They must also each file a Statement of Financial Interests with the Board by May 1, 2022 disclosing information related to calendar year 2021.

3.8 Filing Requirements & Responsibilities

- a.** A Statement of Financial Interests is considered filed when it is received by the Department of Records. Electronic filings are filed when successfully submitted through the electronic filing system. Paper filings are filed when received during business hours by the Department of Records at the address specified on the form.
- b.** A Statement of Financial Interests must certify that the information is true and correct under Pennsylvania criminal law prohibiting false statements to authorities, 18 Pa. C.S. § 4904. Both the electronic filing system and the paper form must include such a certification.
- c.** A Statement of Financial Interests must include all the information required by Subpart D.

3.9 Amendments. Filers shall promptly amend a previously filed Statement of Financial Interests upon learning that any information required therein is missing or incorrect. Amendments may be submitted electronically using the “Amend” button next to any existing filing. Only Statements previously filed electronically may be amended using the electronic filing system. Amendments made using paper forms must check the “Amended Statement” box.

SUBPART D. CONTENT OF STATEMENT OF FINANCIAL INTERESTS

3.10 A Statement of Financial Interests shall include the information described in Paragraphs 3.11 through 3.18 as follows:

- a. Reporting year.** Any information required to be disclosed in a Statement of Financial Interests shall be for the calendar year preceding the year in which it is filed, unless the filing is late or is amending a report from an earlier year. A late Statement must provide information for the reporting year for which it is overdue. An amended Statement must disclose information for the same reporting year as the initial filing.
- b. Reportable interests.** A filer must disclose all financial interests held by the filer at any time during the reporting year, even if no longer held at the time of filing and regardless of whether they were a filer at the time the interest was held or received.
- c. Interests responsive to multiple categories.** If a filer holds a financial interest that is covered by more than one disclosure category, the filer shall include the relevant information in all applicable categories.

Example for Paragraph 3.10(c)

During the reporting year, you received a property worth \$200,000 as a gift, collected rents of \$4,500 on that property for part of the year, and then sold the property to a State agency for \$250,000. The property must be addressed as a gift under Paragraph 3.15, as a real estate interest under Paragraph 3.12, and as income under Paragraph 3.14.

3.11 Identifying information. A filer shall include the following identifying information:

- a. Name.** The filer's first name, last name, and middle initial.
- b. Public position or office.** Each position or office the filer holds (or at any time during the reporting year held). If the filer holds more than one City position or office, they shall list each such position and office.
- c. City entity.** For each position or office listed, provide the City department, agency, board, or commission within which that position or office resides.
- d. Occupation or profession.** The filer's occupation or profession. This should reflect the work performed by the filer as their primary role or employment, whether or not they perform that work for the City. The filer's occupation or profession may be different from the title of the filer's position or office, or it may be the same.

3.12 Real estate interests. A filer shall disclose any real estate directly or indirectly owned in whole or in part by the filer that was sold or leased to, purchased or leased from, or subject to any condemnation proceeding by the City of Philadelphia or any other government entity or any City-related non-profit or agency.

For each such property, the filer shall disclose:

- a.** the physical address of the property, and
- b.** the nature of the financial interest the filer holds (or at any time during the reporting year held), including the type and percentage of ownership.

3.13 Creditors. A filer shall disclose each creditor to whom the filer owed more than \$5,000 at any time during the reporting year.

- a.** For each such creditor, the filer shall disclose:
 - 1.** the creditor's name;
 - 2.** the creditor's address; and
 - 3.** the interest rate(s) applied to the debt(s) owed to that creditor.
- b.** Disclosure of creditors is **not** required for:
 - 1.** loans or credit extended between members of the filer's immediate family; or
 - 2.** mortgages securing real property which is the principal residence of the filer.

3.14 **Income.**

- a. A filer shall make disclosures related to sources of income as follows:
 1. **Gross income of \$500 or more.** A filer shall disclose the name of any person who is the direct or indirect source for the filer of income totaling in the aggregate \$500 or more during the reporting year.
 2. **Gross income of more than \$5,000.** In addition to disclosing the name of the source as required in Paragraph 3.14(a), a filer shall disclose the gross amount of any income totaling more than \$5,000 in the aggregate received from a single source during the reporting year.*
- b. Disclosures required by Paragraph 3.14(a) must meet the following requirements:
 1. A filer must disclose income from any business entity in which the filer holds a financial interest if during the reporting year the entity:
 - i. distributes money to the filer;
 - ii. agrees to distribute funds to the filer at some point in the future; or
 - iii. makes any payment for the personal financial benefit of the filer.
 2. A filer who operates a business as a sole proprietor must report all income earned by that business during the reporting year.
 3. A filer may disclose income from a business by EITHER:
 - i. listing the particular business to which such income can be attributed and disclosing the gross amount received if more than \$5,000; OR
 - ii. listing the name of each individual client of the business that paid \$500 or more and disclosing the gross amount received from any individual client in excess of \$5,000.

The filer must disclose all names under which the business operates. If the type of business conducted is not evident from the business name, the filer shall include a brief description of the type of business conducted.

4. In making such disclosures, the filer need not divulge any confidential information protected by statute or existing professional codes of ethics.

* Editor's Note: As per Philadelphia Code Section 20-610(2)(e), except for members of the Board of Revision of Taxes and the Chair of the Commission on Human Relations, members of the boards and commissions listed at Paragraph 3.5, above, are not required to disclose the amount of income they receive from a source listed on their Statement of Financial Interest.

Examples for Paragraph 3.14

1) Stella Luna practices law as the Law Office of Stella Luna, Esq. Her law practice had \$360,000 in gross receipts during the reporting year. On her disclosure form, Stella may list the Law Office of Stella Luna, Esq. and the full amount of income she received from the business (\$360,000). Alternatively, Stella may list each client from whom she received \$500 or more and include the amount received for any client from whom she received more than \$5,000.

2) Jane Drain operates a modest plumbing business that grossed \$60,000 during the reporting year. During the reporting year, Jane's business had six clients. One client paid her \$400, one paid her \$4,000, and the other four each paid her more than \$5,000.

On her disclosure form, Jane may disclose the business under her name if she adds a description such as "(plumbing business)" and also discloses that she received \$60,000 from the business. Alternatively, Jane may list each of the five clients who paid \$500 or more. For the clients who paid her more than \$5,000 she must also list the actual amount she received from each of them.

3) You are the Vice President of and have a 50% interest in a limited liability company that owns several commercial properties. Tenants of those properties pay rent to the LLC.

3a) During the reporting year, you receive a distribution of \$3,000 from the LLC. You must report the LLC as a source of income, but because the amount you received was less than \$5,000 you need not disclose the amount of income.

3b) During the reporting year, you make a payment of \$10,000 from the LLC's bank account to purchase a new car for yourself. You must report the LLC as a source of income and must disclose \$10,000 as the amount of income received.

3c) During the reporting year, the LLC uses all rents and other funds received to pay the ownership and maintenance costs of its existing properties, as well as purchase a new property for the LLC. It does not make a distribution to you, nor does it make any payments for your personal financial benefit. As a result, you need not disclose the LLC as a source of income (although you do need to disclose the LLC, as provided by Paragraphs 3.17 and 3.18).

3.15 Gifts. For each person who gave the filer any gifts worth \$200 or more in the aggregate in the calendar year, the filer shall disclose the name of the person, the value of the gift(s), and the circumstances of each gift. Disclosure is required regardless of whether the gift was permissible under City Code Section 20-604, an Executive Order, or other applicable gift rule.

a. Gifts to others. A gift to another person is a gift to the filer if the filer solicits the gift and receives a financial benefit from it.

- b. Gift exceptions.** The following are not “gifts” for the purposes of this Regulation and need not be disclosed:
1. a political contribution otherwise reportable as required by law;
 2. a commercially reasonable loan made in the ordinary course of business; or
 3. a gift received from a family member of the individual or from a relative within the third degree of consanguinity of the individual or of the individual's spouse or Life Partner, or from the spouse or Life Partner of any such relative.
- c. Valuation of gifts.** Except as provided in Paragraph 3.15(d)(3) relating to tickets, the value of a gift is the retail cost the officer or employee would incur to purchase the gift. An officer or employee who does not know the retail cost of a gift shall estimate the retail cost by reference to similar items of like quality.
- d. Tickets.**
1. **Tickets from the City.** A filer need not disclose any tickets received from the City.
 2. **Tickets received by City elected officials.** A filer who is a City elected official must disclose tickets for public events received from a third party only if the filer:
 - i. sells the tickets;
 - ii. attends the event themselves; or
 - iii. gives the tickets to a family member or a member of their campaign staff.The elected official need not disclose tickets received from a third party if those tickets are distributed to constituents or others for free.

Records of the receipt and distribution of tickets must be maintained by the filer regardless of whether those tickets are subject to disclosure on the filer’s Statement of Financial Interests.
 3. **Valuation of tickets.** The value of a ticket entitling the holder to food, refreshments, entertainment, or any other benefit shall be the face value of the ticket.

3.16 Honoraria. For each honorarium of more than \$100 received by the filer in the reporting year, the filer shall disclose the name of the source and the amount of the honorarium.

3.17 Offices, directorships, and employment. For each business or nonprofit entity in which the filer holds any office, directorship, or employment of any nature whatsoever, the filer shall disclose:

- a. the legal name of the entity and
- b. the position(s) held.

3.18 Interests in for-profit businesses. For each entity engaged in business for profit in which the filer holds a financial interest of more than 5%, the filer shall disclose the legal name of the entity.

SUBPART E. PENALTIES

3.19 An officer or employee of the City who violates any of the restrictions set forth in this Regulation shall be subject to a civil penalty of up to \$2,000 for each such violation.

In determining the appropriate amount of monetary penalty, the Board may consider both mitigating and aggravating factors.

Mitigating factors that the Board may consider include: (i) a good faith effort to comply with the law; (ii) prompt corrective action; and (iii) prompt self-reporting to the Board of Ethics.

Aggravating factors that the Board may consider include whether the violator: (i) acted knowingly; (ii) is a repeat offender; or (iii) obstructed the investigation of the Board of Ethics.

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