

## **Philadelphia Board of Ethics**

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**For Immediate Release:** January 28, 2013

**PHILADELPHIA** – On January 28, 2013, the Board of Ethics approved a settlement agreement involving the Friends of Blondell Reynolds Brown and the Hon. Blondell Reynolds Brown. The agreement resolves violations of the campaign finance law by Councilwoman Reynolds Brown and Friends of Blondell Reynolds Brown for: a) making material misstatements and omissions in campaign finance reports filed with the Board (Phila. Code § 20-1006(4)); b) accepting excess contributions (Phila. Code § 20-1002(12)); and c) failing to properly deposit contributions (Phila. Code § 20-1003). The agreement also resolves violations by Councilwoman Reynolds Brown for accepting prohibited gifts (Phila. Code § 20-604) and failing to disclose transactions on her 2010 and 2011 Statements of Financial Interests, as required by Phila. Code § 20-610.

A copy of the approved settlement agreement is attached.

*The Philadelphia Board of Ethics is a five-member independent board established by ordinance, approved by Philadelphia voters in May 2006, 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 Ethics Board has authority to render advice, investigate complaints and issue fines.*

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## **SETTLEMENT AGREEMENT**

This Settlement Agreement (“Agreement”) is made and entered into by the Board of Ethics of the City of Philadelphia, the Executive Director of the Board, the Hon. Blondell Reynolds Brown, and the Friends of Blondell Reynolds Brown, 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 Ethics Code, campaign finance law, and the sections of the Philadelphia Home Rule Charter that impose restrictions on the political activity of City employees.
- B. The Hon. Blondell Reynolds Brown is member of Philadelphia’s City Council where she sits as a Council Member At-Large. Councilwoman Reynolds Brown was a candidate for City Council in 2011. Friends of Blondell Reynolds Brown is the political committee Councilwoman Reynolds Brown authorized to accept contributions and make expenditures on her behalf.
- C. Under 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. Filings with the Board follow the schedule set by the Pennsylvania Election Code which divides the year into seven filing cycles. Municipal candidates must file cycle 2 reports approximately two weeks before and cycle 3 reports 30 days after the primary election, cycle 5 reports approximately two weeks before and cycle 6 reports 30 days after the general election. Municipal candidates must also file an annual report which is due approximately 30 days after the end of the calendar year.
- D. 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.
- E. Pursuant to Philadelphia Code § 20-1002(1), in 2011, a person could not permissibly contribute more than \$2,600 to a City candidate’s candidate committee in a calendar year.
- F. Pursuant to Philadelphia Code § 20-1002(2), in 2011, a political committee could not permissibly contribute more than \$10,600 to a City candidate’s candidate committee in a calendar year.

- G. Pursuant to Code § 20-1002(12), no candidate for City elective office may accept any contribution which exceeds the contribution limits set forth in Chapter 20-1000.
- H. Philadelphia Code § 20-604(1) provides that no member of Council or other City officer or employee, shall solicit, accept or receive any gift, loan, gratuity, favor or service of substantial economic value that might reasonably be expected to influence one in his or her position in the discharge of his or her official duties, from any person, firm, corporation or other business or professional organization.
- I. Philadelphia Code § 20-610 requires all City Council members to file a yearly Statement of Financial Interests with the Board in which they must disclose, among other things:
1. The name and address of any person who is the direct or indirect source of income totaling in the aggregate \$500 dollars or more.
  2. The name and address of any person from whom a gift or gifts valued in the aggregate at \$200 dollars or more were received, and the value and the circumstances of each gift; and
  3. The source of any honorarium received which is in excess of \$100.
- J. In April of 2012, Councilwoman Blondell Reynolds Brown voluntarily disclosed to Board enforcement staff that Friends of Blondell Reynolds Brown had failed to disclose two transactions in the 2010 cycle 7 campaign finance report it had filed with the Board. One was a December 10, 2010 contribution from Fattah for Congress of \$4,000. The other was a December 1, 2010 expenditure of \$3,300 to Chaka Fattah, Jr. The purpose of the expenditure was to repay a personal loan that Fattah, Jr. had made to Councilwoman Blondell Reynolds Brown in December of 2010 in order to prevent her home from being foreclosed.
- K. Based on the information provided by the Friends of Blondell Reynolds Brown in April of 2012, Board enforcement staff opened an investigation. In the course of the investigation, Board enforcement staff discovered multiple violations of the City's campaign finance law by the Friends of Blondell Reynolds Brown and Councilwoman Reynolds Brown and multiple violations of the City's Ethics Code by Councilwoman Reynolds Brown. Board staff obtained documents and bank records and interviewed numerous witnesses in the course of the investigation. Councilwoman Reynolds Brown voluntarily provided a statement to Board enforcement staff and produced documents as requested.
- L. During 2011, John D. McDaniel served as the campaign manager for Councilwoman Blondell Reynolds Brown's campaign for re-election to a City Council at-large seat.
- M. From 1999 through 2003, McDaniel was the registered treasurer of Friends of Blondell Reynolds Brown.

- N. From 2006 through the end of 2011, Gail Scarborough was the registered treasurer of Friends of Blondell Reynolds Brown, but she had no actual involvement with the committee during that time period. With Councilwoman Reynolds Brown's knowledge, McDaniel acted as the *de facto* treasurer and personally wrote checks and made expenditures from the committee's account. He also collected and deposited contributions made to the Councilwoman's campaign and prepared and filed campaign finance reports with the Ethics Board and City Commissioners on behalf of the committee. McDaniel was the sole signer on the checking account held by the committee.
- O. In late 2010, Councilwoman Reynolds Brown was having severe financial problems due to her husband, from whom she was separated, refusing to make payments for the mortgage on the home they shared with their daughter and the Councilwoman's elderly mother. As a result, the Councilwoman's lender initiated foreclosure proceedings and the Councilwoman had to come up with approximately \$30,000 to save her home.
- P. Although Councilwoman Reynolds Brown was able to raise most of the money from her own resources, in late November of 2010, she was between \$3,000 and \$4,000 short of the amount she needed.
- Q. Facing a deadline in the foreclosure proceedings, the Councilwoman called her long-time mentor Congressman Chaka Fattah and asked if he could help her. He said he would. Shortly after her conversation with the Congressman, the Councilwoman received a telephone call from Chaka Fattah, Jr. who told her that he had a check for her.
- R. The Councilwoman met with Fattah, Jr. who gave her a check for \$3,300 that listed him as the remitter. The money from Fattah, Jr. was a loan that the Councilwoman intended to repay as soon as possible. The Councilwoman should have, but did not, disclose on her City of Philadelphia 2010 Statement of Financial Interest the \$3,300 she received from Fattah, Jr.
- S. At the time he gave the Councilwoman the check for \$3,300, Fattah, Jr. was an employee of a for-profit charter school that had a contract with the School District of Philadelphia. The City of Philadelphia provides substantial funding to the School District. Every year, City Council holds hearings on the School District's budget and votes to approve the disbursement of City money to the District.
- T. Shortly after receiving the check from Fattah, Jr., Councilwoman Reynolds Brown asked John McDaniel to use funds from the Friends of Blondell Reynolds Brown account to repay Chaka Fattah, Jr. for the money he had loaned her.
- U. On December 15, 2010, McDaniel made out a check for \$3,300 to Fattah, Jr. In the Friends of Blondell Reynolds Brown's 2010 cycle 7 report, instead of disclosing an expenditure of \$3,300 to Fattah, Jr., McDaniel disclosed a fictitious expenditure in that amount to Strassheim Graphic Design. Councilwoman Reynolds Brown should have, but did not, disclose on her City of Philadelphia 2010 Statement of Financial Interests the \$3,300 Friends of Blondell Reynolds Brown paid Fattah, Jr.

- V. On April 11, 2012, Councilwoman Reynolds Brown repaid Friends of Blondell Reynolds Brown for the payment Friends of Blondell Reynolds Brown had made to Fattah, Jr. on December 15, 2010.
- W. In addition to serving as the *de facto* treasurer of Friends of Blondell Reynolds Brown, in 2011 McDaniel also served as the *de facto* treasurer of Progressive Agenda PAC and was the sole signer on Progressive Agenda's checking account.
- X. In 2011, McDaniel caused Progressive Agenda PAC to make a total of \$42,000 in contributions to the Friends of Blondell Reynolds Brown checking account, as follows:
1. An April 15<sup>th</sup> check from Progressive Agenda for \$10,000.
  2. An April 20<sup>th</sup> deposit of \$10,000 in cash from Progressive Agenda's account.
  3. An April 22<sup>nd</sup> check from Progressive Agenda for \$15,000.
  4. A May 13<sup>th</sup> check from Progressive Agenda for \$500.
  5. A June 14<sup>th</sup> deposit of \$5,000 in cash. On the same day, McDaniel made out a check from Friends of Blondell Reynolds Brown to Progressive Agenda for \$5,000 which the committee subsequently described in its 2011 cycle 3 campaign finance report as "contribution return."
  6. An October 18<sup>th</sup> deposit of \$1,500 in cash from Progressive Agenda's account.
- Y. In 2011, McDaniel personally made a total of \$4,600 in contributions to the Friends of Blondell Reynolds Brown checking account, as follows:
1. An April 6<sup>th</sup> check for \$1,000 drawn on his personal checking account;
  2. An April 6<sup>th</sup> check for \$500 drawn on his personal checking account;
  3. An April 25<sup>th</sup> check for \$500 drawn on his personal checking account;
  4. A June 22<sup>nd</sup> deposit of \$1,450 in cash from his personal checking account;
  5. An August 26<sup>th</sup> check for \$150 drawn on his personal checking account;
  6. A September 30<sup>th</sup> deposit of \$450 in cash from his personal checking account; and
  7. A December 21<sup>st</sup> check for \$550 drawn on his personal checking account.
- Z. McDaniel did not tell Councilwoman Reynolds Brown that he and Progressive Agenda were making excess contributions to the Friends of Blondell Reynolds Brown.

- AA. In August of 2011, the Ethics Board initiated an enforcement action against the Friends of Blondell Reynolds Brown and Councilwoman Reynolds Brown alleging various violations of the City's campaign finance law. In September of 2011, the Board, the committee, and Councilwoman Reynolds Brown entered into a settlement agreement in which the committee and Councilwoman admitted to violations of the campaign finance law for accepting two excess contributions from Progressive Agenda (the April 22<sup>nd</sup> and May 13<sup>th</sup> contributions listed in Paragraph X) and for failing to disclose numerous contributions in multiple campaign finance reports. Under the agreement, the committee agreed to pay the Board a \$6,500 monetary penalty and the Councilwoman agreed to personally pay the Board \$1,500. The committee represented to the Board that it had paid back the excess contributions and agreed to file amended campaign finance reports to correct its reporting failures.
- BB. On September 20, 2011, McDaniel made out a check to Progressive Agenda drawn on the Friends of Blondell Reynolds Brown account for \$9,900. The purpose of the check was to repay excess contributions Friends of Blondell Reynolds Brown had received from Progressive Agenda. The committee needed to refund the excess contributions in order to finalize the settlement agreement with the Board. McDaniel gave the check to the committee's lawyer who made a photocopy which she sent to Board staff.
- CC. Based on that copy of the check, the Board accepted the committee's representation that it had refunded the \$9,900 to Progressive Agenda. However, McDaniel never deposited the check into Progressive Agenda's account. At the time, Friends of Blondell Reynolds Brown did not have nearly enough money in its account to cover the check. McDaniel did not tell anyone connected with the committee that he had not deposited the check. At the time, Councilwoman Reynolds Brown did not know how much money the committee actually had in its account.
- DD. Friends of Blondell Reynolds Brown represented to Board enforcement staff that McDaniel would not be involved in the operations of the committee after the settlement agreement. The committee contracted with an outside consultant to prepare and file its amended 2011 cycle 2 and 3 reports and to file the committee's 2011 cycle 5, 6, and 7 reports. The consultant contractually agreed to use bank records as a basis of the campaign finance reports he filed, but failed to do so.
- EE. McDaniel remained actively involved with Friends of Blondell Reynolds Brown through the end of 2011 while the committee sought a new treasurer. As the only signer on the committee's bank account, McDaniel continued to write checks and make withdrawals from the committee's account for Councilwoman Reynolds Brown's campaign. McDaniel also continued to collect and deposit campaign contributions. McDaniel was the only person associated with the committee who had direct access to the committee's bank records.

- FF. Despite bringing in an outside consultant, Friends of Blondell Reynolds Brown made multiple material misstatements and omissions in the amended 2011 cycle 2 and 3 campaign finance report it filed with the Board pursuant to the settlement agreement. The committee also made multiple material misstatements and omissions in the 2011 cycle 5, 6, and 7 campaign finance reports it filed with the Board. Specifically:
1. The committee made 81 material omissions and two material misstatements in its amended 2011 cycle 2 report;
  2. The committee made 31 material omissions and one material misstatement in its amended 2011 cycle 3 report;
  3. The committee made 25 material omissions and one material misstatement in its amended 2011 cycle 5 report;
  4. The committee made 15 material omissions and one material misstatement in its amended 2011 cycle 6 report; and
  5. The committee made 13 material omissions and one material misstatement in its amended 2011 cycle 7 report.
- GG. The material omissions Friends of Blondell Reynolds Brown made in the campaign finance reports it filed with the Board in 2011 are set forth in detail at Exhibit A.
- HH. The two misstatements in the Friends of Blondell Reynolds Brown 2011 cycle 2 report were:
1. An April 26, 2011 check made out to Progressive Agenda for \$1,116.20 which Friends of Blondell Reynolds Brown disclosed as simply “contribution.” According to McDaniel, the purpose of the check was to pay a lawyer, Sharon Losier, who had handled a ballot challenge against one of the Councilwoman’s opponents. Rather than disclose that Friends of Blondell Reynolds Brown funded the ballot challenge, Friends of Blondell Reynolds Brown gave Progressive Agenda the money and Progressive Agenda wrote a check to Losier.
  2. Disclosure of \$76,683.72 brought forward from the prior report. In fact, at the time, the committee had an account balance of \$8,477.53.
- II. The misstatement in the Friends of Blondell Reynolds Brown 2011 cycle 3 report was the disclosure of \$50,670.43 brought forward from the prior report. Bank records show that FBRB bank account had a balance of \$19,406.45 at start of cycle.
- JJ. The misstatement in the Friends of Blondell Reynolds Brown 2011 cycle 5 report was the disclosure of \$21,136.54 brought forward from the prior report. In fact, at the time, the committee had an account balance of \$1,308.
- KK. The misstatement in the Friends of Blondell Reynolds Brown 2011 cycle 6 report was the disclosure of \$57,544.04 brought forward from the prior report. In fact, at the time, the committee had an account balance of \$1,887.85.

- LL. The misstatement in the Friends of Blondell Reynolds Brown 2011 cycle 7 report was the disclosure of \$60,537.73 brought forward from the prior report. In fact, at the time, the committee had an account balance of \$1,650.75.
- MM. Around the time that the Friends of Blondell Reynolds Brown was finalizing its settlement agreement with the Board, McDaniel told Councilwoman Reynolds Brown that he felt responsible for the violations and that he could cover the penalties she personally owed the Board and whatever legal fees she had personally incurred. Councilwoman Reynolds Brown accepted his offer.
- NN. On October 31, 2011, McDaniel gave Councilwoman Reynolds Brown a cashier's check for \$1,500. On November 1, 2011, McDaniel gave her a cashier's check for \$750. He got the money for the cashier's checks from his personal account. McDaniel gave the Councilwoman the cashier's checks to cover personal expenses connected to the settlement agreement with the Board. Councilwoman Reynolds Brown should have, but did not, disclose the \$1,500 and \$750 she received from McDaniel on her City of Philadelphia 2011 Statement of Financial Interest.
- OO. In early March of 2012, Councilwoman Reynolds Brown contacted McDaniel and said that she needed money to cover the penalty she owed the Board. On March 9, 2012, McDaniel gave the Councilwoman a check drawn on his personal account and made out for \$1,000. He left the payee line blank. The Councilwoman made the check out to herself.
- PP. On May 4, 2012, McDaniel gave Councilwoman Reynolds Brown a check drawn on his personal account for \$500 as a final installment of what he had offered to help her with as a result of the Councilwoman's settlement agreement with the Board.
- QQ. On May 6, 2011, Stephanie Bowser made out a campaign contribution check for \$100 to Councilwoman Reynolds Brown for a fundraiser held by the Councilwoman's campaign. However, rather than deposit the check into her campaign account, the Councilwoman deposited it into her personal account.
- RR. On May 10, 2011, Gary Harper made out a campaign contribution check for \$50 to Councilwoman Reynolds Brown for a fundraiser held by the Councilwoman's campaign. However, rather than deposit the check into her campaign account, the Councilwoman deposited it into her personal account.
- SS. On May 13, 2011, Charles McSweeney made out a campaign contribution check for \$250 to Councilwoman Reynolds Brown for a fundraiser held by the Councilwoman's campaign. However, rather than deposit the check into her campaign account, the Councilwoman deposited it into her personal account. Councilwoman Reynolds Brown should have, but did not, disclose the \$250 she received from Charles McSweeney on her City of Philadelphia 2011 Statement of Financial Interests.

- TT. On May 17, 2011, Sidney Booker gave Councilwoman Reynolds Brown a signed and dated, but otherwise blank campaign contribution check. The Councilwoman made out the check for \$1,000 and, rather than deposit the check into her campaign account, deposited it into her personal account. Councilwoman Reynolds Brown should have, but did not, disclose the \$1,000 she received from Sidney Booker on her City of Philadelphia 2011 Statement of Financial Interests.
- UU. On April 1, 2011, Councilwoman Reynolds Brown received an honorarium of \$500 from the Hardy Williams Education Fund. Councilwoman Reynolds Brown should have, but did not, disclose this honorarium on her City of Philadelphia 2011 Statement of Financial Interests.
- VV. On June 29, 2011, as the recipient of the 2011 Leon J. Obermayer award for excellence, Councilwoman Reynolds Brown received \$2,500 from Obermayer, Rebmann Maxwell & Hippel LLP. The award is given to an outstanding alumna/alumnus of the Philadelphia public schools who has distinguished him or herself in his or her career. Councilwoman Reynolds Brown should have, but did not, disclose the \$2,500 she received from Obermayer on her City of Philadelphia 2011 Statement of Financial Interests.
- WW. In 2010 and 2011, Councilwoman Reynolds Brown received several hundred dollars from the Council for Educational Travel as payment for hosting an exchange student. Councilwoman Reynolds Brown should have, but did not, disclose the money she received from the Council for Educational Travel on her City of Philadelphia 2010 and 2011 Statements of Financial Interests.
- XX. In 2010, Councilwoman Reynolds Brown received rental income from a property she owns. Councilwoman Reynolds Brown should have, but did not, disclose that rental income on her City of Philadelphia 2010 Statement of Financial Interests.
- YY. The Parties desire to enter into this Agreement in order to resolve the matters described herein.

## **AGREEMENT**

The Parties agree that:

### **Material Omissions and Misstatements**

1. By making 81 material omissions and two material misstatements in the amended 2011 cycle 2 campaign finance report it filed with the Board, Friends of Blondell Reynolds Brown violated § 20-1006(4) of the Philadelphia Code, for which the committee and Councilwoman Reynolds Brown shall be jointly and severally subject to a civil monetary penalty of \$2,000.
2. By making 31 material omissions and one material misstatement in the amended 2011 cycle 3 campaign finance report it filed with the Board, Friends of Blondell Reynolds Brown violated § 20-1006(4) of the Philadelphia Code, for which the committee and Councilwoman Reynolds Brown shall be jointly and severally subject to a civil monetary penalty of \$2,000.
3. By making 25 material omissions and 1 material misstatement in the 2011 cycle 5 campaign finance report it filed with the Board, Friends of Blondell Reynolds Brown violated § 20-1006(4) of the Philadelphia Code, for which the committee and Councilwoman Reynolds Brown shall be jointly and severally subject to a civil monetary penalty of \$2,000.
4. By making 15 material omissions and one material misstatement in the 2011 cycle 6 campaign finance report it filed with the Board, Friends of Blondell Reynolds Brown violated § 20-1006(4) of the Philadelphia Code, for which the committee and Councilwoman Reynolds Brown shall be jointly and severally subject to a civil monetary penalty of \$2,000.
5. By making 13 material omissions and one material misstatement in the 2011 cycle 7 campaign finance report it filed with the Board, Friends of Blondell Reynolds Brown violated § 20-1006(4) of the Philadelphia Code, for which the committee and Councilwoman Reynolds Brown shall be jointly and severally subject to a civil monetary penalty of \$2,000.

### **Acceptance of Excess Contributions from Progressive Agenda PAC**

6. By accepting a contribution from Progressive Agenda PAC on April 20, 2011 that exceeded the contributions limits by \$9,400, Councilwoman Reynolds Brown and Friends of Blondell Reynolds Brown violated § 20-1002(12) of the Philadelphia Code, for which they shall be jointly and severally subject to a civil monetary penalty of \$1,000.
7. By accepting a contribution from Progressive Agenda PAC on June 14, 2011 that exceeded the contributions limits by \$5,000, Councilwoman Reynolds Brown and Friends of Blondell Reynolds Brown violated § 20-1002(12) of the Philadelphia Code, for which they shall be jointly and severally subject to a civil monetary penalty of \$1,000.
8. By accepting a contribution from Progressive Agenda PAC on October 17, 2011 that exceeded the contributions limits by \$1,500, Councilwoman Reynolds Brown and Friends of Blondell Reynolds Brown violated § 20-1002(12) of the Philadelphia Code, for which they shall be jointly and severally subject to a civil monetary penalty of \$1,000.

### **Acceptance of Excess Contributions from John McDaniel**

9. By accepting a contribution from John McDaniel on June 22, 2011 that exceeded the contributions limits by \$850, Councilwoman Reynolds Brown and Friends of Blondell Reynolds Brown violated § 20-1002(12) of the Philadelphia Code, for which they shall be jointly and severally subject to a civil monetary penalty of \$1,000.
10. By accepting a contribution from John McDaniel on August 26, 2011 that exceeded the contributions limits by \$150, Councilwoman Reynolds Brown and Friends of Blondell Reynolds Brown violated § 20-1002(12) of the Philadelphia Code, for which they shall be jointly and severally subject to a civil monetary penalty of \$450.
11. By accepting a contribution from John McDaniel on September 30, 2011 that exceeded the contributions limits by \$450, Councilwoman Reynolds Brown and Friends of Blondell Reynolds Brown violated § 20-1002(12) of the Philadelphia Code, for which they shall be jointly and severally subject to a civil monetary penalty of \$1,000.
12. By accepting a contribution from John McDaniel on December 21, 2011 that exceeded the contributions limits by \$550, Councilwoman Reynolds Brown and Friends of Blondell Reynolds Brown violated § 20-1002(12) of the Philadelphia Code, for which they shall be jointly and severally subject to a civil monetary penalty of \$1,000.

### **Deposit of Contributions in Personal Account**

13. By depositing the May 6, 2011 contribution from Stephanie Bowser into Councilwoman Reynolds Brown's personal account, Councilwoman Reynolds Brown and Friends of Blondell Reynolds Brown violated § 20-1003 of the Philadelphia Code, for which they shall be jointly and severally subject to a civil monetary penalty of \$1,000.
14. By depositing the May 10, 2011 contribution from Gary Harper into Councilwoman Reynolds Brown's personal account, Councilwoman Reynolds Brown and Friends of Blondell Reynolds Brown violated § 20-1003 of the Philadelphia Code, for which they shall be jointly and severally subject to a civil monetary penalty of \$1,000.
15. By depositing the May 13, 2011 contribution from Charles McSweeney to Councilwoman Reynolds Brown's personal account, Councilwoman Reynolds Brown and Friends of Blondell Reynolds Brown violated § 20-1003 of the Philadelphia Code, for which they shall be jointly and severally subject to a civil monetary penalty of \$1,000.
16. By depositing the May 17, 2011 contribution from Sidney Booker into Councilwoman Reynolds Brown's personal account, Councilwoman Reynolds Brown and Friends of Blondell Reynolds Brown violated § 20-1003 of the Philadelphia Code, for which they shall be jointly and severally subject to a civil monetary penalty of \$1,000.

### **Acceptance of Money in Violation of 20-604**

17. By accepting \$3,300 from Chaka Fattah, Jr. on December 1, 2010, Councilwoman Reynolds Brown violated § 20-604(1) of the Philadelphia Code, for which she shall be subject to a civil monetary penalty of \$500.
18. By accepting \$1,500 from John McDaniel on October 31, 2011, Councilwoman Reynolds Brown violated § 20-604(1) of the Philadelphia Code, for which she shall be subject to a civil monetary penalty of \$500.
19. By accepting \$750 from John McDaniel on November 1, 2011, Councilwoman Reynolds Brown violated § 20-604(1) of the Philadelphia Code, for which she shall be subject to a civil monetary penalty of \$500.
20. By accepting \$1,000 from John McDaniel on March 9, 2012, Councilwoman Reynolds Brown violated § 20-604(1) of the Philadelphia Code, for which she shall be subject to a civil monetary penalty of \$500.
21. By accepting \$500 from John McDaniel on May 4, 2012, Councilwoman Reynolds Brown violated § 20-604(1) of the Philadelphia Code, for which she shall be subject to a civil monetary penalty of \$500.

### **Failure to Disclose Transactions on 2010 and 2011 Statements of Financial Interests**

22. By failing to disclose the following transactions in her City of Philadelphia 2010 Statement of Financial Interest, Councilwoman Reynolds Brown violated § 20-610 of the Philadelphia Code, for which she shall be subject to a civil monetary penalty of \$1,000:
  - a. Receipt of \$3,300 from Chaka Fattah, Jr. on December 1, 2010;
  - b. Payment by Friends of Blondell Reynolds Brown of \$3,300 owed to Chaka Fattah, Jr.;
  - c. Receipt of income from rental properties; and
  - d. Receipt of payments from the Council for Educational Travel.
23. By failing to disclose the following transactions in her City of Philadelphia 2011 Statement of Financial Interest, Councilwoman Reynolds Brown violated § 20-610 of the Philadelphia Code, for which she shall be subject to a civil monetary penalty of \$1,000:
  - a. Receipt of \$1,500 from John McDaniel on October 31, 2011;
  - b. Receipt of \$750 from John McDaniel on November 1, 2011;
  - c. Receipt of \$2,500 from Obermayer, Rebmann Maxwell & Hippel LLP on June 29, 2011;
  - d. Receipt of \$1,000 from Sidney Booker on May 17, 2011;
  - e. Receipt of \$250 from Charles McSweeney on May 13, 2011;
  - f. Receipt of \$500 honorarium from the Hardy Williams Education Fund on April 1, 2011; and
  - g. Receipt of payments from the Council for Educational Travel.

24. The Friends of Blondell Reynolds Brown shall disgorge to the City of Philadelphia excess contributions it received in 2011 from Progressive Agenda, as set forth in Paragraphs 6-8. In 2011, starting with the April 15<sup>th</sup> contribution, Friends of Blondell Reynolds Brown accepted a total of \$42,000 from Progressive Agenda, which exceeded the contribution limit of \$10,600 by \$31,400. However, from April 15<sup>th</sup> through the end of 2011, Friends of Blondell Reynolds Brown made expenditures of \$13,266 to Progressive Agenda. Offsetting the excess amount of \$31,400 by the already disbursed \$13,266 results in a disgorgement by Friends of Blondell Reynolds Brown of \$18,134.
25. The Friends of Blondell Reynolds Brown shall disgorge to the City of Philadelphia the \$2,000 in excess contributions it received in 2011 from John McDaniel, as set forth in Paragraphs 9-12.
26. The total disgorgement Friends of Blondell Reynolds Brown shall make to the City of Philadelphia is \$20,134.
27. The aggregate civil monetary penalty Councilwoman Reynolds Brown and Friends of Blondell Reynolds Brown shall pay to the City of Philadelphia is \$20,450.
28. Councilwoman Reynolds Brown and Friends of Blondell Reynolds Brown shall pay the combined \$40,584 in civil monetary penalties and disgorgement for which they are jointly and severally liable on following schedule:
  - a. \$5,000 due within two weeks of effective date of Agreement
  - b. \$5,000 due by May 31, 2013
  - c. \$5,000 due by September 30, 2013
  - d. \$5,000 due by December 31, 2013
  - e. \$5,000 due by March 31, 2014
  - f. \$5,000 due by August 31, 2014
  - g. \$5,000 due by December 31, 2014
  - h. \$5,584 due by March 31, 2015
29. Starting with the second payment, each time Friends of Blondell Reynolds Brown makes a payment, it shall provide to the Board:
  - a. All bank records (statements, deposit/withdrawal slips, cancelled checks) covering the period of time since the last installment payment; and
  - b. A receipted bill (as required by 4 Pa. Code § 177.2(c)) for any and all expenditures made during the covered time period that exceeds \$25.

30. If Friends of Blondell Reynolds Brown does not have sufficient funds to make a scheduled payment, it shall pay 50% of funds raised since the date of the previous installment. The unpaid balance for that installment shall be added to the next installment. If the committee is unable to pay the balance due at the time of the final installment, it shall pay 50% of funds raised since the date of the previous installment and shall pay the remainder owed within four months of the date of the final installment. If Friends of Blondell Reynolds Brown does not have sufficient funds to make the final payment, it shall immediately notify the Board's Executive Director and request a modification of the payment schedule.
31. If, by December 31, 2014, Friends of Blondell Reynolds Brown and Councilwoman Reynolds Brown have made payment of the amount due for the first six payments totaling \$30,000, they shall be relieved of its obligation to make the payment of \$5,000 that is due by December 31, 2014 and the payment of \$5,584 that is due by March 31, 2015.
32. Councilwoman Reynolds Brown shall disgorge to the City of Philadelphia the \$3,750 she accepted in violation of Code § 20-604(1), as set forth in Paragraphs 18-21.
33. The aggregate civil monetary penalty Councilwoman Reynolds Brown shall pay to the City of Philadelphia is \$4,500.
34. Councilwoman Reynolds Brown shall pay the \$8,250 in civil monetary penalties and disgorgement for which she is solely liable on following schedule:
  - a. \$500 within 30 days of the effective date of the agreement;
  - b. \$500 due by June 30, 2013;
  - c. \$1,000 due by October 30, 2013;
  - d. \$2,000 due by January 31, 2014;
  - e. \$2,000 due by April 30, 2014; and
  - f. \$2,250 due by August 31, 2014.
35. Starting with the second payment, each time she makes a payment, Councilwoman Reynolds Brown shall provide to the Board an affidavit in which she lists any and all persons, excluding the City of Philadelphia, from whom she has received \$500 or more, in the aggregate, since the previous payment she made to the Board.
36. If, by December 31, 2014, Councilwoman Reynolds Brown has made payment of the amount due for the first five payments totaling \$6,000, she shall be relieved of its obligation to make the final payment of \$2,000 that is due by August 31, 2014.
37. Within 60 days of the effective date of the agreement, Friends of Blondell Reynolds Brown shall file amended reports for 2011 cycles 2, 3, 4, 5, 6, 7. For each amended report, Friends of Blondell Reynolds Brown shall submit to the Board a certification from the person who compiled the report attesting that he or she has reviewed the amended report and all bank records for the time period covered by the amended report and that the information contained in the amended report is true and correct. Friends of Blondell Reynolds Brown shall be subject to a civil monetary penalty of \$2,000 for each material omission or misstatement made in an amended report filed pursuant to this Agreement.

38. Within 60 days of the effective date of the agreement, Friends of Blondell Reynolds Brown shall file an amended 2010 cycle 7 campaign finance report properly disclosing the December 10, 2010 contribution of \$4,000 Fattah for Congress and the December 1, 2010 expenditure to Chaka Fattah, Jr.
39. For the time period of January 1, 2013 through January 31, 2017, any time Friends of Blondell Reynolds Brown files a report with City Commissioners, it shall electronically file a copy of that report with Board. This time period shall include the 2012 and 2016 cycle 7 reports.
40. Any time Friends of Blondell Reynolds Brown files a report with the Board in the time period of January 1, 2013 through January 31, 2017, it shall submit to the Board a certification from the person who compiled the report that he or she has reviewed the report and all bank records for the time period covered by the report and that the information contained in the report is true and correct.
41. Any contributions received by either Friends of Blondell Reynolds Brown, Councilwoman Reynolds Brown, or an agent thereof in time period of January 1, 2013 through January 31, 2017 shall be deposited into the Friends of Blondell Reynolds Brown checking account (or the checking account of a litigation fund, as provided by Board Regulation No. 1).
42. For time period of January 1, 2013 through January 31, 2017, Councilwoman Reynolds Brown shall neither establish nor authorize another political committee pursuant to the PA Election Code without first notifying the Board. If Councilwoman Reynolds Brown does establish or authorize another political committee, that committee shall provide bank records for that committee to the Board upon request.
43. Friends of Blondell Reynolds Brown shall not accept any cash contribution that exceeds \$100.
44. Within 30 days of the effective date of the agreement, Councilwoman Reynolds Brown shall file amended 2010 and 2011 City of Philadelphia Statements of Financial Interest correcting all omissions indentified in this Agreement. Councilwoman Reynolds Brown shall be subject to a civil monetary penalty of \$2,000 for any omission or misstatement she makes in an amended Statement of Financial Interest filed pursuant to this Agreement.
45. Any records or documents that the Agreement requires Friends of Blondell Reynolds Brown or Councilwoman Reynolds Brown to provide to the Board shall be sent to the attention of the Board's Executive Director.
46. Councilwoman Reynolds Brown and Friends of Blondell Reynolds Brown 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.

47. In consideration of the above and in exchange for Councilwoman Reynolds Brown's and Friends of Blondell Reynolds Brown'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.
48. The Parties will not make any public statements that are inconsistent with the terms of the Agreement.
49. If the Ethics Board is forced to seek judicial enforcement of the Agreement, and prevails, Councilwoman Reynolds Brown and Friends of Blondell Reynolds Brown shall be liable for attorneys' fees and costs reasonably expended in enforcing compliance with the 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.
50. The Agreement contains the entire agreement between the Parties.
51. The Parties will submit a signed copy of the Agreement to the Board for approval.
52. 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.
53. 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.
54. If the Board rejects the proposed Agreement, nothing in the proposed Agreement shall be considered an admission by either party and, except for paragraph 53, nothing in the Agreement shall be effective.

BY HIS EXECUTIVE DIRECTOR OF THE BOARD OF ETHICS.

Dated: 1/23/2013

Michael J. Cook  
Michael J. Cook, Esquire,  
Executive Director's Designee

By Hon. Blondell Reynolds Brown

Dated: Jan. 22, 2013

Blondell Reynolds Brown

By Friends of Blondell Reynolds Brown

Dated: \_\_\_\_\_

\_\_\_\_\_  
Treasurer

Approved by the Board of Ethics:

Dated: 1/28/2013

Michael Reed  
Michael Reed, Esquire  
Chair

By the Executive Director of the Board of Ethics:

Dated: \_\_\_\_\_

\_\_\_\_\_  
Michael J. Cooke, Esquire,  
Executive Director's Designee

By Hon. Blondell Reynolds Brown

Dated: \_\_\_\_\_

By Friends of Blondell Reynolds Brown

Dated: 1/22/2013

*Wanda M. Albert*  
Treasurer

Approved by the Board of Ethics:

Dated: \_\_\_\_\_

\_\_\_\_\_  
Michael Reed, Esquire  
Chair

## **EXHIBIT A**

## Settlement Agreement – Friends of Blondell Reynolds Brown

### Cycle 2 Omissions (81)

#### Cycle 2 – Check Expenditures Omitted (39)

Date	Amount	Check No.	Payee
1/20/11	\$875	Debit	Auto Dealers
2/9/11	\$1,300	1029	Teenagers in Charge
2/10/11	\$200	1038	Sabatina (?) for Senate
2/21/11	\$125	1043	Rae Marie Smith
2/24/11	\$220	1045	USPS
2/17/11	\$230	1048	Shantel French
2/23/11	\$160	1053	AT&T
2/23/11	\$600	1060	Tiffanie Standard
3/10/11	\$250	1067	Shantel French
3/10/11	\$150	1068	Tiffanie Scott
3/8/11	\$400	1070	Sabir Hameen
3/12/11	\$656	1079	Strassheim Printing & Graphic
3/18/11	\$250	1083	Shantel French
3/24/11	\$600	1097	Tiffanie Standard
3/25/11	\$201.12	Debit	Cavalier Telephone
3/29/11	\$250	1110	Shantel French
3/30/11	\$860	1111	Distante
3/31/11	\$250	1112	Shantel French
3/31/11	\$150	1113	Tiffanie Scott
4/15/11	\$500	1131	Shantel French
4/15/11	\$300	1132	Tiffanie Scott
4/18/11	\$426.60	1133	Strassheim Printing & Graphic
4/26/11	\$500	1147	Tiffanie Standard
4/25/11	\$500	1154	Shantel French
4/29/11	\$300	1155	Tiffanie Scott
5/2/2011	\$100	1162	American Heart Association
1/13/2011	\$500	1024	John McDaniel
2/7/2011	\$867	1036	John McDaniel
2/8/2011	\$500	1030	John McDaniel
2/21/2011	\$900	1049	John McDaniel
3/3/2011	\$640	1062	John McDaniel
3/24/2011	\$506	1101	John McDaniel
5/1/2011	\$5,000	1169	John McDaniel
1/22/2011	\$1,500	1028	Progressive Agenda
2/17/2011	\$750	1046	Progressive Agenda
2/24/2011	\$2,000	1044	Progressive Agenda
3/28/2011	\$1,050	1108	Progressive Agenda
4/20/2011	\$1,000	1141	Progressive Agenda
4/27/2011	\$4,000	1150	Progressive Agenda

## Settlement Agreement – Friends of Blondell Reynolds Brown

### Cycle 2 – Cash Withdrawal Expenditures Omitted (37)

<b>Date of withdrawal</b>	<b>Amount</b>	<b>Type</b>
1/5/2011	\$84	ATM
	\$104	ATM
	\$202.50	ATM
1/7/2011	\$102.50	ATM
	\$202.50	ATM
1/10/2011	\$1,300	Bank Teller WD
1/11/2011	\$141.75	ATM
1/13/2011	\$203	ATM
1/19/2011	\$203	ATM
1/20/2011	\$142	ATM
1/24/2011	\$503	ATM
2/1/2011	\$600	Bank Teller WD
2/11/2011	\$500	ATM
2/14/2011	\$260	ATM
2/22/2011	\$100	Bank Teller WD
	\$503	ATM
	\$260	ATM
2/23/2011	\$182	ATM
2/28/2011	\$501.50	ATM
3/3/2011	\$263	ATM
3/8/2011	\$1,250	Bank Teller WD
3/10/2011	\$103	ATM
3/11/2011	\$200	ATM
	\$1,340	Bank Teller WD
3/14/2011	\$500	ATM
3/21/2011	\$101	ATM
	\$161	ATM
3/22/2011	\$41.50	ATM
3/28/2011	\$201.50	ATM
3/31/2011	\$253	ATM
4/1/2011	\$200	ATM
	\$260.75	ATM
4/15/2011	\$500	Bank Teller WD
4/18/2011	\$263	ATM
4/19/2011	\$303	ATM
4/20/2011	\$353	ATM
	\$25,010	Bank Teller WD

### Cycle 2 – Contributions Omitted (5)

<b>Date</b>	<b>Amount</b>	<b>Contributor</b>	<b>Note</b>
3/25/2011	\$400	Unknown	Cash deposit
4/6/2011	\$500	John McDaniel	
4/6/2011	\$1,000	John McDaniel	
4/20/2011	\$10,000	Progressive Agenda	Cash deposit
4/25/2011	\$1,000	Obermayer, Rebmman, Maxwell, & Hippel	Check #170419

## Settlement Agreement – Friends of Blondell Reynolds Brown

### Cycle 3 Omissions (31)

#### Cycle 3 – Check Expenditures Omitted (20)

Date	Amount	Check No.	Payee
5/4/11	\$500	1173	Mike Tucker
5/6/11	\$300	1176	DCC
5/6/11	\$200	1179	27 <sup>th</sup> Ward Democratic Committee
5/9/11	\$1,000	1183	Mike Tucker
5/10/11	\$925	1188	Philadelphia Sunday Sun
5/10/11	\$925	1193	Philadelphia Sunday Sun
5/10/11	\$500	1189	T. H. Massaro
5/11/11	\$1,000	1197	Judy Denny McDaniel
5/11/11	\$1,000	1198	Tiffanie Standard
5/12/11	\$1,000	1205	Jaramogi Communications
5/14/11	\$1,000	1210	Action PAC
5/14/11	\$500	1209	Mike Taylor
5/16/11	\$500	1213	Penny Lyons (?)
5/16/11	\$500	1219	Tiffanie Standard
5/16/11	\$900	1204	Neighborhood Leader
5/5/2011	\$5,000	1175	John McDaniel
5/11/2011	\$4,500	1180	John McDaniel
5/13/2011	\$1,000	1208	John McDaniel
5/18/2011	\$3,000	1229	John McDaniel
5/20/2011	\$1,000	1232	John McDaniel

#### Cycle 3 – Cash Withdrawal Expenditures Omitted (7)

Date of withdrawal	Amount	Type
5/3/2011	\$403	ATM
5/9/2011	\$250	ATM
5/10/2011	\$500	ATM
	\$201	ATM
5/23/2011	\$402.50	ATM
5/31/2011	\$302.50	ATM
6/6/2011	\$203	ATM

#### Cycle 3 – Contributions Omitted (4)

Date	Amount	Contributor	Note
5/6/2011	\$100	S. Bowser	Deposited to BRB personal acct
5/10/2011	\$50	G. Harper	Deposited to BRB personal acct
5/13/2011	\$250	C. McSweeney	Deposited to BRB personal acct
5/17/2011	\$1,000	S. Booker	Deposited to BRB personal acct

## Settlement Agreement – Friends of Blondell Reynolds Brown

### Cycle 5 Omissions (25)

#### Cycle 5 – Cash Withdrawal Expenditures Omitted (14)

Date	Amount	Type
6/6/11	\$203.00	ATM
6/28/11	\$200.00	ATM
7/7/11	\$200.00	ATM
7/11/11	\$1,475.00	Bank Teller WD
7/28/11	\$203.75	ATM
8/12/11	\$63.50	ATM
8/17/11	\$62.50	ATM
8/22/11	\$122.75	ATM
8/25/11	\$122.00	ATM
8/25/11	\$202.95	ATM
8/29/11	\$160.00	ATM
9/22/11	\$101.75	ATM
10/21/11	\$400.00	ATM
10/24/11	\$102.50	ATM

#### Cycle 5 – Check Contributions Omitted (2)

Date	Payee	Amount	Notes
6/23/11	?	\$484.90	Paypal Transfer
8/8/11	James Morse Jr.	\$100.00	Ck# 1177 dated 6/26/11

#### Cycle 5 – Cash Deposit Contributions Omitted (9)

Date	Amount
6/14/11	\$5,000.00
6/22/11	\$1,450.00
6/27/11	\$1,000.00
9/14/11	\$1,600.00
9/30/11	\$450.00
10/11/11	\$2,500.00
10/11/11	\$500.00
10/18/11	\$1,000.00
10/18/11	\$500.00

## Settlement Agreement – Friends of Blondell Reynolds Brown

### Cycle 6 Omissions (15)

#### Cycle 6 Check Expenditures Omitted (1)

<b>Date</b>	<b>Payee</b>	<b>Amount</b>	<b>Check #</b>
11/1/11	Tiffany Standard	\$290.00	Ck# 1265

#### Cycle 6 Cash Withdrawal Expenditures Omitted (12)

<b>Date</b>	<b>Amount</b>	<b>Type</b>
10/25/11	\$202.00	ATM
10/25/11	\$102.00	ATM
10/27/11	\$160.00	ATM
11/2/11	\$202.00	ATM
11/2/11	\$603.00	Bank Teller WD
11/7/11	\$1,800.00	Bank Teller WD
11/8/11	\$202.00	ATM
11/9/11	\$1,100.00	Bank Teller WD
11/10/11	\$1,500.00	Bank Teller WD
11/15/11	\$201.75	ATM
11/16/11	\$243.50	ATM
11/21/11	\$202.50	ATM

#### Cycle 6 Check Contributions Omitted (2)

<b>Date</b>	<b>Payee</b>	<b>Amount</b>	<b>Check #</b>
11/28/11	Evelyn Smalls	\$250.00	Ck# 1158
11/28/11	Robert Archie	\$150.00	WF Ck# 1125141773

## Settlement Agreement – Friends of Blondell Reynolds Brown

### Cycle 7 Omissions (13)

#### Cycle 7 Cash Withdrawal Expenditures Omitted (3)

<b>Date</b>	<b>Amount</b>	<b>Type</b>
12/7/11	\$588.00	Bank Teller WD
12/15/11	\$500.00	ATM
12/19/11	\$262.50	ATM

#### Cycle 7 Check Contributions Omitted (5)

<b>Date</b>	<b>Payee</b>	<b>Amount</b>	<b>Check #</b>
12/14/11	I.B.E.W - C.O.P.E	\$2,500.00	Ck# 24701
12/21/11	Rosalyn McPherson	\$100.00	Ck# 2270
12/21/11	Swanson Street Associates	\$100.00	Ck# 501225 dated 11/8/11
12/27/11	Friends of Marion Tasco	\$4,000.00	Ck# 5718
12/21/11	John McDaniel	\$550.00	Ck# 2142

#### Cycle 7 Debts Omitted (5)

<b>Creditor</b>	<b>Amount</b>	<b>Date</b>
Soapbox Solutions	\$4,750.00	7/1/2011
Soapbox Solutions	\$1,331.82	7/1/2011
Soapbox Solutions	\$4,535.00	7/1/2011
Flaster Greenberg	\$1,545.00	10/14/2011
Friends of Marion Tasco	\$4,000.00	12/27/11