

Report on public hearing held November 17, 2021 by the Philadelphia Board of Ethics
Regarding a proposed amendment to Regulation No. 3 “Statements of Financial Interest”

Dated: December 11, 2021

/s/ J. Shane Creamer, Jr., Esq.

Board of Ethics

J. Shane Creamer, Jr., Esq.

Executive Director

Dated: December 10, 2021

Approved: /s/ Reynelle Staley

Law Department

Reynelle Staley

Senior Attorney

Legislative & Legal Counsel Unit

A. Legal Authority

The Board of Ethics was created by an amendment to the Philadelphia Home Rule Charter that voters approved via a ballot question at the May 2006 primary election. *See* Philadelphia Home Rule Charter §§ 3-806 and 4-1100. The Board is charged with administering and enforcing all provisions of the Charter and City Code that pertain to ethical matters, such as conflicts of interest, financial disclosure, standards of governmental conduct, campaign finance, prohibited political activities, and such additional duties as City Council may assign. The Board has the power to promulgate regulations as necessary to implement and interpret the laws over which it has jurisdiction, including the requirements relating to Statements of Financial Interest found at City Code Section 20-610. *See* Code §§ 20-606(1)(a), 20-1008.

B. Procedural Summary

The Board followed the procedures set forth in Home Rule Charter Section 8-407 when promulgating this amendment to Board Regulation No. 3 (Statements of Financial Interest). On October 27, 2021, the Board voted to approve the posting of a proposed amendment to Regulation No. 3 at the Department of Records. The Law Department approved the proposed amendment of Regulation No. 3 for public comment posting and, on October 29, 2021, the Board filed the proposed amendment with the Records Department. The Board scheduled a hearing on the proposed amendment for November 17, 2021, notice of which was advertised in local newspapers and posted prominently on the Board's website and Twitter account.

Through this report on the November 17, 2021 hearing, the Board modifies the proposed amendment and adopts it as modified. A clean copy of the Regulation as amended is attached as Exhibit A and shall become effective 11 days after the filing of this Report with the Records Department. A markup showing all changes made to the Regulation by the regulatory process initiated on October 27, 2021, and being approved by the Board through this Report, is attached as Exhibit B. A summary of changes made as a result of the hearing to the proposed amendment as posted for public comment at the Records Department is attached as Exhibit C.

C. The November 17, 2021 Hearing

The hearing was conducted by Michael Reed, Chair of the Board of Ethics, along with Vice-Chair Phyllis Beck and Board members Sanjuanita González and Brian McCormick. Reynelle Staley, Senior Attorney, attended on behalf of the Law Department. The hearing transcript is attached as Exhibit D. The proposed amendment as posted for public comment at the Records Department is included in Exhibit D as Exhibit 1 to the hearing transcript. The following witnesses provided testimony: Jordana Greenwald, on behalf of Board staff, and Sarah Stevenson, the City's Chief Integrity Officer. Ms. Greenwald and Ms. Stevenson each provided written material accompanying their testimony that was attached to the hearing transcript as Exhibits 2 and 3.

D. Summary of Hearing Testimony and Board Responses Thereto

1. Testimony of Jordana Greenwald, on behalf of Board staff

Ms. Greenwald testified that in response to questions posed by Board members during the October 27 public meeting, Board staff recommended changes to the proposed amendment to Regulation 3. Specifically, Board members had requested clarification of how Paragraph 3.14 regarding income disclosures applies to sole proprietors and other small business owners. Ms. Greenwald testified that Board staff recommended additional language in Paragraph 3.14 to (1) explain when income is considered reportable for sole proprietors and (2) outline the two options for reporting sources of income consistent with Board Opinion 2017-001 and the Pennsylvania Supreme Court decision cited in that opinion. Board staff also recommended additional examples demonstrating the application of the new language.

In addition to these substantive changes to Paragraph 3.14, Ms. Greenwald noted that Board staff recommended an overall restructuring of Paragraph 3.14 for clarity, several minor changes to Paragraph 3.14 for completeness, and typographical changes elsewhere in the proposed amendment.

Ms. Greenwald offered a markup of the proposed amendment that showed the recommended changes. It was duly entered into the record as Exhibit 2 to the hearing transcript.

Board Response

The Board agrees with the changes proposed by Staff as memorialized in the markup attached as Exhibit 2 to the hearing transcript. These changes have been incorporated into the final version of the amendment, attached hereto as Exhibit A.

2. Testimony of Sarah Stevenson

a. Ms. Stevenson asked that Paragraph 3.4(b) be revised to include the correct departmental name for the Department of Behavioral Health and Intellectual *disAbility Services* (italics added).

Board Response

The Board agrees and incorporates this change into the final version of the amendment, attached hereto as Exhibit A.

b. Ms. Stevenson testified that, as the result of a recently approved Charter amendment, the Office of Fleet Management will become the Department of Fleet Services. Ms. Stevenson suggested moving Fleet from Paragraph 3.4(c) to 3.4(b) or adding a footnote regarding the change.

Board Response

The Board agrees that because the new Department of Fleet Services will be headed by a Commissioner, that position should be included in Paragraph 3.4(b). It is the Board's understanding that the Mayor has appointed the former head of the Office of Fleet Management as the Commissioner of the new Department of Fleet Services. As a result, this individual will be required to file for reporting year 2021 and no gap in filing requirements will result from removing the Office of Fleet Management from Paragraph 3.4(c).

c. Ms. Stevenson asked that the Board clarify the application of Paragraph 3.10(b) to those who spend part of a reporting year as a non-filer. She suggested adding “or even if the Filer was not a Filer when the interest was held or received by the Filer.”

Board Response

The Board agrees that additional clarity for those who are not a filer for the entire reporting year would be helpful and modifies Paragraph 3.10(b) as follows:

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.

d. Ms. Stevenson requested that the Board modify the example to Paragraph 3.10(c) to demonstrate how a set of related transactions should be reported. Specifically, she suggested stating how each of the financial interests listed fits into the relevant disclosure category, as proposed in the new example to Paragraph 3.14(c).

Board Response

The Board agrees and modifies Paragraph 3.10(c) as follows:

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 ~~[in the]~~ as a gift under Paragraph 3.15, as a real estate interest under Paragraph 3.12, and as income under Paragraph 3.14 ~~categories.~~

e. Ms. Stevenson requested further explanation of Paragraph 3.11(d). Specifically, she requested that it be made clear that while a “City position” *may* be different from the filer’s “occupation or profession,” in some situations, particularly for high-level City employees, it may be the same. Ms. Stevenson testified that it might be helpful to some filers if these are explicitly permitted to be the same.

Board Response

The Board agrees and modifies Paragraph 3.11(d) as follows:

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.

f. Ms. Stevenson testified that Paragraph 3.15(d)(3) should be part of Paragraph 3.15(d)(2) rather than a separate item. Specifically, she noted that the requirement to retain records is directed at elected officials, rather than a blanket obligation for event tickets regardless of source.

Board Response

The Board agrees and has renumbered the subparts of Paragraph 3.15(d).

g. Ms. Stevenson suggested capitalizing all defined terms in the Regulation.

Board Response

The Board believes that capitalization of all defined terms would not add clarity and would be inconsistent with past practice in Board Regulations.

F. Approval

At a public meeting on December 8, 2021, the Board voted 5-0 to approve the proposed amendment to Regulation No. 3 as modified and to approve this Hearing Report. The Regulation as amended is attached as Exhibit A.

* * *

The Board of Ethics appreciates the input of the Law Department and the participation of those who provided testimony and those who simply attended the hearing on this Regulation.

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

Table of Contents

Subpart A.	Scope; Definitions.....	pg. 2
Subpart B.	Who Must File a Statement of Financial Interests.....	pg. 4
Subpart C.	Filing Statements of Financial Interests.....	pg. 6
Subpart D.	Content of Statement of Financial Interests.....	pg. 7
Subpart E.	Penalties	pg. 12

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.

Exhibit A: Clean version as approved by Board on December 8, 2021

- 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.

Exhibit A: Clean version as approved by Board on December 8, 2021

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.

Exhibit A: Clean version as approved by Board on December 8, 2021

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.

Exhibit A: Clean version as approved by Board on December 8, 2021

- 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.

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.

Exhibit A: Clean version as approved by Board on December 8, 2021

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)(4) 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.

Exhibit A: Clean version as approved by Board on December 8, 2021

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.

Approved for public comment by Board: March 17, 2021
Posted for public comment by Records: March 19, 2021
Effective: April 19, 2021

Approved for public comment by Board: October 27, 2021
Posted for public comment by Records: October 29, 2021
Hearing held: November 17, 2021
Adopted by Board: December 8, 2021
Effective:

Exhibit B: Markup of all changes approved by Board on December 8, 2021
Strikethrough indicates matter removed; underline indicates new matter

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

Table of Contents

Subpart A. Scope; Definitions.....pg. 2

Subpart B. Who Must File a Statement of Financial Interests.....pg. 4

Subpart C. Filing ~~When Statement~~ Statements of Financial Interests ~~is Due~~.....pg. 6

Subpart D. Content of Statement of Financial Interests.....pg. 7

Subpart E. Penaltiespg. ~~8~~ 12

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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.

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- 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~~ Statement of Financial Interests pursuant to this Regulation.
- i. **Financial ~~Interest~~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.

Exhibit B: Markup of all changes approved by Board on December 8, 2021

Strikethrough indicates matter removed; underline indicates new matter

- 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~~ Statement of Financial Interests.

Exhibit B: Markup of all changes approved by Board on December 8, 2021
Strikethrough indicates matter removed; underline indicates new matter

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~~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 Fleet Management;~~ ~~Office of Homeless Services;~~ 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.

Exhibit B: Markup of all changes approved by Board on December 8, 2021
Strikethrough indicates matter removed; underline indicates new matter

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. ~~l~~. Civil Service Commission
- n. ~~m~~. Commission on Human Relations
- o. ~~n~~. Fair Housing Commission
- p. ~~o~~. Free Library of Philadelphia, Board of Trustees
- q. ~~p~~. Historical Commission
- r. ~~q~~. Historical Commission Architectural Committee
- s. ~~r~~. Historical Commission Committee on Historic Designation
- t. ~~s~~. Licenses & Inspections Review Board
- u. ~~t~~. Living Wage and Benefits Review Committee
- v. ~~u~~. Philadelphia Gas Commission
- w. ~~v~~. Police Advisory Commission
- x. ~~w~~. Sinking Fund Commission
- y. ~~x~~. Tax Review Board
- z. ~~y~~. Water, Sewer and Storm Water Rate Board
- aa. ~~z~~. 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.

Exhibit B: Markup of all changes approved by Board on December 8, 2021

Strikethrough indicates matter removed; underline indicates new matter

SUBPART C. ~~WHEN STATEMENT OF FINANCIAL INTERESTS IS DUE 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(e)~~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 ~~Interest-Interests~~ Interests with the Board by May 1, 2021 disclosing information related to calendar year 2020. They must also file a Statement of Financial ~~Interest-Interests~~ 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 ~~Interest-Interests~~ Interests with the Board by October 15, 2021 disclosing information related to calendar year 2020. They must also each file a Statement of Financial ~~Interest-Interests~~ Interests with the Board by May 1, 2022 disclosing information related to calendar year 2021.

Exhibit B: Markup of all changes approved by Board on December 8, 2021
Strikethrough indicates matter removed; underline indicates new matter

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 ~~filed with the Board shall be signed under penalty of perjury.~~ 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

3.8-3.10 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.

Exhibit B: Markup of all changes approved by Board on December 8, 2021

Strikethrough indicates matter removed; underline indicates new matter

3.10-3.11 Identifying information. ~~A Statement of Financial Interests 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.

~~e.—~~**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.**

~~d.—~~**3.13 Creditors.** A filer shall disclose ~~The name and address of~~ each creditor to whom the filer ~~owes~~ 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) ~~thereon~~ applied to the debt(s) owed to that creditor.**

b. Disclosure of creditors is not required for:

- 1. ~~Loans~~ loans or credit extended between members of the filer's immediate family and; or**
- 2. mortgages securing real property which is the principal residence of the ~~individual filing filer shall not be included.~~**

Exhibit B: Markup of all changes approved by Board on December 8, 2021
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e.—**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 ~~for during the calendar 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, ~~A~~ the filer need not divulge any confidential information protected by statute or existing professional codes of ethics.

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.

~~* As of January 1, 2022, filers will also be required to disclose the amount of any income of more than \$5,000 from a single source.~~

Exhibit B: Markup of all changes approved by Board on December 8, 2021

Strikethrough indicates matter removed; underline indicates new matter

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).

~~f.—~~**3.15 Gifts.** ~~The name of any~~ For each person who gave the filer any gifts worth \$200 or more in the aggregate in the calendar year ~~and, 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.

Exhibit B: Markup of all changes approved by Board on December 8, 2021

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c. Valuation of gifts. Except as provided in Paragraph 3.15(d)(4) 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 ~~but~~ need not disclose ~~such~~ tickets received from a third party when if those tickets are distributed to constituents or others for free.

Records of the receipt and distribution of tickets ~~not subject to disclosure~~ must be maintained by the filer regardless of whether those tickets are subject to disclosure on the filer's Statement of Financial ~~Interest~~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.

g.—3.16 Honoraria. ~~The source of any~~ 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.

h.—3.17 Offices, directorships, and employment. ~~The name of any~~ 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. ~~The legal name of any business~~ 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.

~~† As of January 1, 2022, filers will also be required to disclose the amount of any honorarium of more than \$100.~~

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SUBPART E. PENALTIES

3.H3.19 An ~~appointed~~ 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.

Approved for public comment by Board: March 17, 2021

Posted for public comment by Records: March 19, 2021

Effective: April ~~2019~~, 2021

Approved for public comment by Board: October 27, 2021

Posted for public comment by Records: October 29, 2021

Hearing held: November 17, 2021

Adopted by Board: December 8, 2021

Effective:

Board of Ethics Regulation No. 3 (Statement of Financial Interests)

Summary of post-hearing changes as of December 3, 2021

Paragraph 3.4(b) (listing City department heads that must file)

- *Corrected DBHIDS*
 - *Added Department of Fleet Services*
- 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 ~~disAbilities~~ disAbility Services, Commissioner of the Department of Fleet Services, and Director of the Free Library.

Paragraph 3.4(b) (listing heads of City offices that must file)

- *Removed Office of Fleet Management*
- 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 Fleet Management; Office of Homeless Services; 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.

Paragraph 3.5 Boards and Commissions

- *Removed apostrophe from Citizens Police Oversight Commission*
 1. ~~Citizen's-Citizens~~ Police Oversight Commission

Paragraph 3.6 Nominating Panels

- *Removed apostrophe from Citizens Police Oversight Commission Selection Panel*

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

Paragraph 3.8 Filing Requirements & Responsibilities

- *Moved reference to business hours for paper filing for clarity*
 - 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 ~~during business hours~~.

Paragraph 3.10(b) Reportable Interests

- *Added clarification regarding individuals who were not filers during part of the reporting year*
 - 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.

Paragraph 3.10(c) Interests responsive to multiple categories

- *Clarified example*

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 ~~[in the]~~ as a gift under Paragraph 3.15, as a real estate interest under Paragraph 3.12, and as income under Paragraph 3.14-categories.

Paragraph 3.11(d) Identifying Information

- *Added clarification*
- 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.

Paragraph 3.14 Income

- *Revised consistent with Board Opinion 2017-001 and PA Supreme Court precedent cited therein*
- *(a) outlines disclosure basics, incorporates reporting year (defined term)*
- *(b) gives more specific instructions for disclosures*
 - *(b)(1) typographical correction only*
 - *(b)(2) addresses reporting for business income from a sole proprietorship because (b)(1) applies only to business entities*
 - *(b)(3) addresses whether filers must disclose each client*
 - *(b)(4) renumbered*
- *New examples and clarification of Example to 3.14(c)*

3.14 Income.

- a.** A filer shall make disclosures related to sources of income as follows:
- a.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 ~~for~~ during the ~~calendar-reporting~~ year.*
- b.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.

~~* As of January 1, 2022, filers will also be required to disclose the amount of any income of more than \$5,000 from a single source.~~

b. Disclosures required by Paragraph 3.14(a) must meet the following requirements:

- e.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:
- 1.i.** distributes money to the filer;
 - 2.ii.** agrees to ~~distribute~~ distribute funds to the filer at some point in the future; or
 - 3.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.

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.

43a) 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.

43b) 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.

43c) 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).

Paragraph 3.15 Gifts

- *Made 3.15(d)(3) part of 3.15(d)(2) and renumbered 3.14(d)(4) accordingly*

- 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.

~~**3. Records of tickets.**~~ 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.

4.3. 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.

- - -
IN RE: CITY OF PHILADELPHIA BOARD OF
ETHICS PUBLIC HEARING ON PROPOSED REGULATION 3,
STATEMENT OF FINANCIAL INTEREST

- - -
TRANSCRIPT OF THE ABOVE MATTER, taken by
and before ERICA HEARN, Professional Court
Reporter and Notary Public, via Zoom Web
Conference hosted by the CITY OF PHILADELPHIA
BOARD OF ETHICS, One Parkway Building, 1515 Arch
Street, 18th Floor, Philadelphia, Pennsylvania,
on Wednesday, November 17, 2021 commencing
at 1:05 p.m.

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ERSA COURT REPORTERS
30 South 17th Street
United Plaza - Suite 1520
Philadelphia, PA 19103
(215) 564-1233

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2 A P P E A R A N C E S :

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BOARD MEMBERS :

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MICHAEL H. REED, CHAIR

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PHYLLIS W. BECK, VICE CHAIR

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SANJUANITA GONZALEZ, ESQ., MEMBER

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BRIAN J. MCCORMICK, ESQ., MEMBER

12

JOANNE EPPS, ESQ., MEMBER (Not Present)

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BOARD STAFF :

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17

J. SHANE CREAMER, JR., ESQ.

18

MICHAEL COOKE, ESQ.

19

JORDANA GREENWALD, ESQ.

20

THOMAS KLEMM, ESQ.

21

DANI GARDNER WRIGHT, ESQ.

22

BRYAN MCHALE

23

HORTENCIA VASQUEZ

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EILEEN DONNELLY

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E X H I B I T S

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9

NUMBER

DESCRIPTION

PAGE

10

MARKED/ATTACHED

11

12

EXHIBIT-1

Law Department Approval

13

Memorandum; Regulation 3

14

proposed amendments

15

approved for public

16

comment

8/28

17

18

EXHIBIT-2

Pending amendments

19

to Regulation No. 3

20

documents

12/29

21

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EXHIBIT-3

Notes of Sarah

24

Stevenson testimony

27/31

1 - - -

2 PROCEEDINGS

3 - - -

4 MR. REED: Welcome, everyone.

5 My name is Michael Reed. I am
6 the Chair of the Philadelphia Board of
7 Ethics.

8 Our first activity today is to
9 hold a public hearing on proposed
10 amendments to Board Regulation No. 3,
11 Statement of Financial Interest.

12 I note for the record that I am
13 joined by Board Member Sanjuanita Gonzalez
14 and Brian McCormick. Vice Chair Phyllis
15 Beck has not yet arrived, but is expected.
16 Board Member JoAnne Epps is a witness in a
17 federal trial right now and may or may not
18 be able to make it or may be late.

19 I also note for the record
20 Reynelle Staley from the Law Department is
21 present and we welcome her. And that this
22 hearing is being transcribed by Erica
23 Hearn, ERSA Court Reporter. And if
24 anybody asks me what ERSA means, I am

1 going to punt to someone who knows the
2 answer to that.

3 And I believe that Judge Beck is
4 with us, although we don't see her lovely
5 face yet, and she is still muted. But I
6 would like to express, since I think this
7 is the first time we have gathered since
8 the death of her magnificent husband, that
9 we, as a Board, express our sympathy to
10 Judge Beck on the passing of her great
11 husband.

12 So with those preliminary
13 remarks, today's hearing is an opportunity
14 for members of the public and interested
15 parties to provide comments and
16 recommendations for modifications to
17 proposed amendments to Board Regulation
18 No. 3 on Statement of Financial Interest.
19 Copies of those proposed amendments have
20 been made available electronically. For
21 the convenience of today's attendees, I
22 will ask a member of our staff to now
23 provide an electronic link in the chat
24 feature of this Zoom call which contains

1 the proposed amendments.

2 The Board is following a process
3 required by Philadelphia Home Rule Charter
4 Section 8-407 for these proposed
5 amendments. The Board approved these
6 proposed amendments for public posting at
7 the Records Department during its October
8 27, 2021 public meeting. The Law
9 Department reviewed the proposed
10 amendments and found the proposed
11 amendments to Board Regulation No. 3 to be
12 legal within the Board's authority and in
13 proper form.

14 The Department of Records
15 advertised and gave public notice of the
16 proposed amendments. The Board also took
17 action by giving notice of the proposed
18 amendments on its website.

19 The Board proactively scheduled
20 this hearing on the proposed amendments
21 and provided notice of this hearing by
22 newspaper and/or the website.

23 The Board will not take any
24 action on the proposed amendments at this

1 hearing; rather, this hearing is an
2 opportunity for the public to comment on
3 the proposed amendments or recommend
4 modifications to them.

5 Board members may ask questions
6 of the witnesses if they wish. A hearing
7 report will be considered and approved by
8 the Board at a future Board meeting. The
9 hearing report will respond to testimony,
10 and is the mechanism by which the Board
11 may modify the proposed amendments to
12 Board Regulation No. 3 that are pending.

13 At this time, the documents that
14 the Board filed with the Department of
15 Records, including the proposed amendments
16 to Board Regulation No. 3, should be
17 entered into the record of this hearing
18 and marked as Exhibit-1.

19 And when it is confirmed that
20 that has occurred, I will turn to
21 testimony.

22 COURT REPORTER: I received a
23 copy, and it will be marked as Exhibit-1.

24 - - -

1 (At this time, the court reporter
2 marked the exhibit for identification as
3 Exhibit-1.)

4 - - -

5 MR. REED: Thank you.

6 We will now take testimony.

7 I ask any person present at this
8 hearing who wishes to testify, to please
9 notify our staff of your intent via the
10 chat feature of this Zoom call.

11 Our staff will then coordinate
12 with each of you regarding your testimony,
13 including the order in which you testify.
14 When it is a witness' turn to testify, we
15 will ask the witness to identify him or
16 herself or themselves prior to their
17 testimony.

18 For those of you who have any
19 documents you would like to submit as
20 exhibits, please send a copy to capital B,
21 capital O, capital E, capital G, capital
22 C, small S, small D, small A, small S,
23 small S, at phila.gov, and the document
24 will be added to the record. I am going

1 to repeat that email address.

2 MS. GREENWALD: Chair Reed, if I
3 may, I put the email address into the chat
4 box as well.

5 MR. REED: Okay. So that email
6 address is in the chat feature for those
7 who may not have been able to capture it
8 from my statement.

9 Before hearing from members of
10 the public, I would like to invite Board
11 staff to testify. It is my understanding
12 that Board staff will recommend several
13 revisions to the proposed amendments in
14 response to questions raised by Board
15 members at the October public meeting.
16 Members of the public should not feel
17 pressed to respond to these
18 recommendations during the hearing.

19 Anyone who wishes to comment on
20 the revised proposed amendments after
21 today's hearing may do so by submitting
22 written testimony by email to General
23 Counsel Michael Cooke no later than
24 November 30, 2021, which is 13 days from

1 now, about almost two weeks.

2 So who is going to testify for
3 the Board?

4 MS. GREENWALD: Chair Reed, I
5 will be testifying for the Board.

6 MR. REED: You are recognized,
7 Ms. Greenwald.

8 MS. GREENWALD: Thank you, Chair
9 Reed.

10 My name is Jordana Greenwald for
11 the purposes of the record. I am the
12 Associate General Counsel for the Board of
13 Ethics, and I am presenting brief
14 testimony today regarding, as Chair Reed
15 previewed, some proposed revisions to the
16 pending amendments to Regulation No. 3
17 relating to the Statement of Financial
18 Interest.

19 Before I start that discussion, I
20 am going to put in a second link. We put
21 in the link initially to the version that
22 was submitted to Records, and right now I
23 am going to put into the chat the link to
24 the version that I will be presenting from

1 so that everyone has an opportunity to
2 look at that simultaneously with the
3 testimony.

4 MR. REED: So, Ms. Greenwald, I
5 just want to acknowledge the presence of
6 and welcome our distinguished
7 Councilmember, Derek Green, who has
8 appeared at the hearing in a mask.
9 Welcome.

10 MR. GREEN: Yes. Thank you,
11 Mr. Chair. I am traveling to DC, so thank
12 you.

13 MR. REED: Oh. Well, you know,
14 we are prepared to -- particularly since
15 our counsel has not yet begun her
16 testimony, we are prepared to interrupt
17 these proceedings. You tell us when it
18 would be convenient for you to present
19 your statement regarding the bank, the
20 public bank matter.

21 MR. GREEN: Well, you've already
22 started with Ms. Greenwald, so I will
23 defer to you, whatever works for your time
24 schedule.

1 MR. REED: Okay. So why don't we
2 go on with -- Jordana, we will go on with
3 your testimony and we'll come back to the
4 councilperson. We'll play it by ear to
5 see how things go.

6 MS. GREENWALD: Very good, Chair
7 Reed.

8 So I put into the chat the link,
9 and I would ask that the Chair accept that
10 document, which I will also share on my
11 screen as an exhibit to the testimony.

12 MR. REED: So without objection,
13 it will be accepted.

14 MS. GREENWALD: And I believe
15 that will be Exhibit, if we are going with
16 number, it will be 2.

17 MR. REED: Yes.

18 MS. GREENWALD: Perfect.

19 - - -

20 (At this time, the court reporter
21 marked the exhibit for identification as
22 Exhibit-2.)

23 - - -

24 MS. GREENWALD: Let me share my

1 screen so that everyone can see what we
2 are talking about.

3 I'll try to make it as large as I
4 can.

5 The changes that were made, or
6 being recommended today via my testimony,
7 are responsive to concerns that were
8 raised at the October public meeting
9 specifically about the need for greater
10 clarity for small business owners
11 reporting income. And what we have done
12 is recommended some changes primarily to
13 paragraph 3.14 of the proposed amended
14 Regulation No. 3 that are consistent with
15 the Board's opinion 2017-001, which
16 addressed some questions about how to
17 report income to a business, as well as
18 the Pennsylvania Supreme Court precedent
19 that was cited on and relied on by the
20 Board in that particular opinion.

21 So I am going to take us very
22 quickly to 3.14, and then I will note a
23 couple of other minor changes that are
24 marked in here.

1 Hopefully everyone can see that
2 there is text in green. That is the new
3 revision to the amendment text which
4 appears in red. The italics indicate that
5 there are additions, the brackets indicate
6 anywhere matter has been deleted. Most of
7 the deletions are just reformatting of the
8 numbers.

9 So what we have is Subpart A and
10 previously there was only one -- there
11 were several different subparts and we had
12 broken this part of the regulation down
13 into two subparts.

14 The first, A, addresses sort of
15 the basics for how to disclose income if
16 it is over \$500 or if it's -- if it's \$500
17 or more or if it's over \$5,000. It also
18 has been updated to incorporate Reporting
19 Year, which is a defined term, you can see
20 that in both Sub 1 and Sub 2 of Subpart A.

21 The bigger change is in new
22 Subpart B, which now lists out several
23 different requirements for disclosure of
24 income pursuant to Subpart A. And what

1 that does is the first part, other than
2 correcting the spelling of distribute, has
3 not changed. And that is really talking
4 about the timing of when income is
5 considered received by the filer. The
6 changes are the addition of several
7 specifics about how to report the income
8 that has been received. Specifically,
9 under Sub 2, we're addressing how a sole
10 proprietorship should report because
11 income to a sole proprietor as an
12 individual doesn't involve a separate
13 entity, which is covered by Sub 1 and
14 needs to report all income earned by the
15 business during a reporting year because
16 it is, in fact, ultimately income to the
17 individual.

18 Sub 3 addresses the question that
19 was raised primarily at the October
20 meeting, which incorporates this sort of
21 answer that comes out of the Board's
22 earlier opinion. And basically it says
23 that there is a choice in how a filer
24 discloses business income. They may

1 choose to either list the business that
2 the income is attributed to and disclose
3 the amount if required by Subpart A, or
4 they can choose to list the name of each
5 individual client that met the income
6 thresholds. And it does also then explain
7 that the filer needs to disclose any names
8 under which the business operates and that
9 they need to describe the type of business
10 if it is not evident from the business
11 name. And those are all kind of
12 consistent with just trying to make sure
13 that what is being disclosed about a
14 business actually connects to the income
15 that's being reported and relaying
16 concerns about whether every single client
17 has to be disclosed. This is a choice
18 that comes out of, as I said before, it's
19 a Pennsylvania Supreme Court law that is
20 incorporated into a decision of the Board
21 issued in 2017.

22 Item 4 has just been renumbered.
23 It has not actually changed.

24 The other thing that we did along

1 with this is add two new examples. And
2 these address two different types of
3 business, one a solo law practice and the
4 other a plumbing business. And they
5 address what happens and the options for
6 disclosing the income and describing the
7 business when doing so.

8 Not everybody will have a
9 business name, and not all business names
10 will be descriptive, so we wanted to give
11 some guidance to folks that are filing
12 about how to describe their business and
13 how to report the income that is
14 associated with the business.

15 So that's what these two set out.
16 And then the only other change is to the
17 example that was already proposed which
18 just specifies that there is an additional
19 disclosure requirement, not just for being
20 an officer or employee of a business, but
21 also for the percentage of ownership over
22 five percent because of the example there
23 is a 50 percent interest in an LLC.

24 So this is just giving as much

1 clarity as we can for completeness, and as
2 requested during the Board's October
3 meeting, incorporating what the Board has
4 already addressed in terms of how
5 businesses work.

6 One of the questions that was
7 raised at the October meeting was around
8 whether a sole proprietorship would have
9 some sort of different application of the
10 rule looking at the Board's opinion and
11 the underlying court decision in terms of
12 the choice between disclosing clients and
13 disclosing the business as the source of
14 income. The answer of course would be no,
15 that both of those options are available,
16 even to a sole proprietorship. So that
17 has all been incorporated into these
18 changes. And I would propose that these
19 be incorporated into the regulation going
20 forward to increase the clarity and
21 guidance that is provided.

22 MR. REED: Does that conclude
23 your statement?

24 MS. GREENWALD: It does.

1 I don't know if there are any
2 questions from the Board.

3 MR. REED: Yes, the floor is open
4 to the Board for any questions for
5 Ms. Greenwald.

6 Hearing none, I will now ask
7 whether there are any other witnesses,
8 but before I do that, I want to check in
9 with Councilman Green to see how he is
10 doing on time because I think we are about
11 to wrap this up, but I want to just check
12 with you to see if you're still okay on
13 your time?

14 MR. GREEN: Yes. This train will
15 leave around 2:00, and it is about 1:23,
16 so.

17 MR. REED: Okay. So let me just
18 open up the floor and ask -- oh, yes,
19 please.

20 MS. GREENWALD: Chair Reed, I am
21 so sorry.

22 I did want to just very quickly,
23 there were a couple of other minor mostly
24 typographical edits that were suggested by

1 one of the Board members in advance of
2 this version being concluded, and those
3 have been included in this. They are not
4 substantive, but they are marked. So if
5 anyone is looking at the full document,
6 they will see those also marked in green
7 in a couple of places.

8 MR. REED: Okay.

9 Well, we heard nothing from the
10 Board, and I am going to ask now whether
11 there are any other witnesses who wish to
12 offer testimony about the proposed
13 amendments to Board Regulation No. 3.

14 MR. COOKE: I believe the Chief
15 Integrity Officer wishes to.

16 MR. REED: Thank you.

17 Sarah, you are recognized.

18 MS. STEVENSON: Thank you, Chair
19 Reed.

20 Good afternoon Board Members.
21 Can everyone hear me? Give me a thumbs
22 up.

23 MR. REED: Yes.

24 MS. STEVENSON: Good afternoon,

1 Board Members and staff.

2 Thank you for allowing us to
3 comment today in response to proposed
4 amendments to Regulation 3.

5 I am Sarah Stevenson, the City's
6 Chief Integrity Officer. With me today is
7 Krystle Baker, Deputy Chief Integrity
8 Officer for the City of Philadelphia.

9 First, I would like to publicly
10 acknowledge the hard and diligent work of
11 staff and how grateful we are to everyone
12 we worked with over the past year plus and
13 will continue to work with on the topic of
14 financial disclosures. Several are on
15 this call.

16 In general, the administration
17 supports the proposed amendments to Reg 3,
18 but I offer a few comments in sequential
19 order. And forgive me if these have
20 already been addressed by Jordana's
21 comments a few minutes ago.

22 First, in 3.4b, the DBHIDS's
23 official name is Department of Behavioral
24 Health and Intellectual Disability

1 Services. I believe that was addressed by
2 Jordana. Thank you.

3 Comment No. 2: In 3.4c, the
4 Office of Fleet Management is becoming the
5 Department of Fleet Services in response
6 to a voter-approved charter amendment a
7 couple of weeks ago. I am not sure if
8 that election has been certified, but in
9 any event my suggestion is to move Fleet
10 to 3.4b or make a footnote noting the
11 change in title of that agency.

12 Comment No. 3 is in 3.10b to
13 further clarify disclosure obligations for
14 those who spend part of a reporting year
15 as a non-Filer. I suggest adding
16 something to this effect -- and, forgive
17 me, I am just reading my notes and not the
18 Reg itself -- "or even if the Filer was
19 not a Filer when the interest was held or
20 received by the Filer." In other words,
21 just clarifying the other side of what is
22 already written in the Reg if somebody
23 receives something when he or she is not a
24 Filer, making sure that is explicit as

1 something to disclose if they become a
2 Filer that following calendar year.

3 Comment No. 4: In 3.10c in the
4 example, to further clarify how a set of
5 related transactions should be reported, I
6 suggest stating specifically how the
7 financial interests fit into each filing
8 bucket, similar to the example in 3.14c,
9 which I understand now is even -- might
10 change a little bit or expand it, so the
11 bottom line is just we love the examples,
12 just one comment here would be to expand
13 on the example to make it, again, a little
14 bit more explicit for filers.

15 Comment No. 5: 3.11.

16 I recognize that this distinction
17 is derived from City Code 20-610, but it
18 might be helpful to provide examples of
19 City position versus an occupation or
20 profession particularly for City employee
21 filers.

22 The Reg states that these could
23 be different, but if it is permissible it
24 might be helpful for some filers if it's

1 explicitly permitted to be the same, chief
2 of staff, chief of staff, or financial
3 analyst, financial analyst, something like
4 that to just make it easier.

5 I think City employee filers are
6 in a unique position versus, I would say,
7 a Board member, who is an L&I review Board
8 member over here, but is also an attorney
9 over there. So for City filers it might
10 be helpful if those two things could be
11 the same.

12 Comment 6: Those typos were
13 addressed by Jordana.

14 Comment No. 7: In 3.15d.3, the
15 recordkeeping requirements for tickets.
16 So, you know, I recommend that 3.15d.3 be
17 appended to 3.15d.2.

18 And I say this because my
19 recollection of the origin of this
20 obligation is that it was intended for
21 elected officials distributing tickets to
22 constituents, not a blanket obligation for
23 all types of event tickets regardless of
24 the source.

1 So, for example, the way I am
2 reading this, you know, if my brother were
3 to buy me a Phillies ticket, assuming it
4 reaches a threshold, World Series or
5 whatever, it is not reportable under the
6 code, or 3.15b, but under 3.15d.3 I would
7 have to record its receipt. And I am not
8 sure that that's practical for an
9 individual filer versus an elected
10 official with support staff to manage
11 that. So that's a recommendation there.

12 And then, lastly, just, you know,
13 take this for what you want, you know, I
14 recommend capitalizing defined terms. I
15 guess it's a drafting thing, but for
16 example "filer" throughout I think is not
17 capitalized, although it is a defined
18 term.

19 So thank you again for the
20 opportunity to appear before you today.
21 And, again, I just want to really publicly
22 thank staff and many others who have
23 worked on this tirelessly, and as we know
24 will continue to work on this annually and

1 throughout the year as these things come
2 up.

3 Thank you.

4 MR. REED: Thank you for those
5 remarks, Sarah.

6 And one of the things that the
7 Board believes that has made our
8 regulatory process more effective has been
9 the layers of review and comment that we
10 receive.

11 So we greatly appreciate it.

12 So do we have any other witnesses
13 who wish to be heard?

14 Hearing none, and unless staff
15 tells me that there is something else we
16 need to do, then speak now or forever hold
17 your peace.

18 I am going to declare the public
19 hearing on Board Regulation No. 3 closed.

20 Thank you all for attending the
21 public hearing.

22 - - -

23 (Meeting concluded at 1:30 p.m.)

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1 (At this time, the court reporter
2 marked the exhibit for identification as
3 Exhibit-3.)

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C E R T I F I C A T I O N

I, ERICA HEARN, Professional Court
Reporter and Notary Public, do hereby certify that
the foregoing is a true and accurate transcript of
the stenographic notes taken by me in the
aforementioned matter.

- - -

DATE: NOVEMBER 19, 2021_____

ERICA HEARN

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EXHIBIT-1

- 1
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EXHIBIT-2

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- 22
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- 24

EXHIBIT-3

A		
able 4:18 9:7	Arch 1:12	Building 1:12
accept 12:9	arrived 4:15	business 13:10,17 15:15,24
accepted 12:13	asks 4:24	16:1,8,9,10,14 17:3,4,7,9,9
accurate 28:7	Associate 10:12	17:12,14,20 18:13
acknowledge 11:5 21:10	associated 17:14	businesses 18:5
action 6:17,24	assuming 25:3	buy 25:3
activity 4:8	attendees 5:21	
add 17:1	attending 26:20	C
added 8:24	attorney 24:8	C 2:2 8:22 28:1,1
adding 22:15	attributed 16:2	calendar 23:2
addition 15:6	authority 6:12	call 5:24 8:10 21:15
additional 17:18	available 5:20 18:15	capital 8:20,21,21,21,21
additions 14:5	B	capitalized 25:17
address 9:1,3,6 17:2,5	B 3:6 8:20 14:22	capitalizing 25:14
addressed 13:16 18:4 21:20	back 12:3	capture 9:7
22:1 24:13	Baker 21:7	certified 22:8
addresses 14:14 15:18	bank 11:19,20	certify 28:6
addressing 15:9	basically 15:22	Chair 2:8,9 4:6,14 9:2 10:4,8
administration 21:16	basics 14:15	10:14 11:11 12:6,9 19:20
advance 20:1	Beck 2:9 4:15 5:3,10	20:18
advertised 6:15	becoming 22:4	change 14:21 17:16 22:11
aforementioned 28:9	begun 11:15	23:10
afternoon 20:20,24	Behavioral 21:23	changed 15:3 16:23
agency 22:11	believe 5:3 12:14 20:14 22:1	changes 13:5,12,23 15:6
ago 21:21 22:7	believes 26:7	18:18
allowing 21:2	bigger 14:21	charter 6:3 22:6
amended 13:13	bit 23:10,14	chat 5:23 8:10 9:3,6 10:23
amendment 14:3 22:6	blanket 24:22	12:8
amendments 3:14,18 4:10	Board 1:1,12 2:5,15 4:6,10	check 19:8,11
5:17,19 6:1,5,6,10,11,16,18	4:13,16 5:9,17 6:2,5,11,16	chief 20:14 21:6,7 24:1,2
6:20,24 7:3,11,15 9:13,20	6:19,23 7:5,8,8,10,12,14,16	choice 15:23 16:17 18:12
10:16 20:13 21:4,17	9:10,12,14 10:3,5,12 13:20	choose 16:1,4
amount 16:3	16:20 18:3 19:2,4 20:1,10	cited 13:19
analyst 24:3,3	20:13,20 21:1 24:7,7 26:7	City 1:1,11 21:8 23:17,19,20
and/or 6:22	26:19	24:5,9
annually 25:24	Board's 6:12 13:15 15:21	City's 21:5
answer 5:2 15:21 18:14	18:2,10	clarify 22:13 23:4
anybody 4:24	bottom 23:11	clarifying 22:21
appear 25:20	box 9:4	clarity 13:10 18:1,20
appeared 11:8	brackets 14:5	client 16:5,16
appears 14:4	Brian 2:11 4:14	clients 18:12
appended 24:17	brief 10:13	closed 26:19
application 18:9	broken 14:12	code 23:17 25:6
appreciate 26:11	brother 25:2	come 12:3 26:1
Approval 3:12	BRYAN 2:22	comes 15:21 16:18
approved 3:15 6:5 7:7	bucket 23:8	commencing 1:14
		comment 3:16 7:2 9:19 21:3

<p>22:3,12 23:3,12,15 24:12,14 26:9</p> <p>comments 5:15 21:18,21</p> <p>completeness 18:1</p> <p>concerns 13:7 16:16</p> <p>conclude 18:22</p> <p>concluded 20:2 26:23</p> <p>Conference 1:11</p> <p>confirmed 7:19</p> <p>connects 16:14</p> <p>considered 7:7 15:5</p> <p>consistent 13:14 16:12</p> <p>constituents 24:22</p> <p>contains 5:24</p> <p>continue 21:13 25:24</p> <p>convenience 5:21</p> <p>convenient 11:18</p> <p>Cooke 2:18 9:23 20:14</p> <p>coordinate 8:11</p> <p>Copies 5:19</p> <p>copy 7:23 8:20</p> <p>correcting 15:2</p> <p>Councilman 19:9</p> <p>Councilmember 11:7</p> <p>councilperson 12:4</p> <p>counsel 9:23 10:12 11:15</p> <p>couple 13:23 19:23 20:7 22:7</p> <p>course 18:14</p> <p>court 1:9,20 4:23 7:22 8:1 12:20 13:18 16:19 18:11 27:1 28:5</p> <p>covered 15:13</p> <p>CREAMER 2:17</p> <hr/> <p style="text-align: center;">D</p> <hr/> <p>D 8:22</p> <p>DANI 2:21</p> <p>DATE 28:22</p> <p>days 9:24</p> <p>DBHIDS's 21:22</p> <p>DC 11:11</p> <p>death 5:8</p> <p>decision 16:20 18:11</p> <p>declare 26:18</p> <p>defer 11:23</p> <p>defined 14:19 25:14,17</p> <p>deleted 14:6</p>	<p>deletions 14:7</p> <p>Department 3:12 4:20 6:7,9 6:14 7:14 21:23 22:5</p> <p>Deputy 21:7</p> <p>Derek 11:7</p> <p>derived 23:17</p> <p>describe 16:9 17:12</p> <p>describing 17:6</p> <p>DESCRIPTION 3:9</p> <p>descriptive 17:10</p> <p>different 14:11,23 17:2 18:9 23:23</p> <p>diligent 21:10</p> <p>Disability 21:24</p> <p>disclose 14:15 16:2,7 23:1</p> <p>disclosed 16:13,17</p> <p>discloses 15:24</p> <p>disclosing 17:6 18:12,13</p> <p>disclosure 14:23 17:19 22:13</p> <p>disclosures 21:14</p> <p>discussion 10:19</p> <p>distinction 23:16</p> <p>distinguished 11:6</p> <p>distribute 15:2</p> <p>distributing 24:21</p> <p>document 8:23 12:10 20:5</p> <p>documents 3:20 7:13 8:19</p> <p>doing 17:7 19:10</p> <p>DONNELLY 2:24</p> <p>drafting 25:15</p> <hr/> <p style="text-align: center;">E</p> <hr/> <p>E 2:2,2 3:6 8:21 28:1</p> <p>ear 12:4</p> <p>earlier 15:22</p> <p>earned 15:14</p> <p>easier 24:4</p> <p>edits 19:24</p> <p>effect 22:16</p> <p>effective 26:8</p> <p>EILEEN 2:24</p> <p>either 16:1</p> <p>elected 24:21 25:9</p> <p>election 22:8</p> <p>electronic 5:23</p> <p>electronically 5:20</p> <p>email 9:1,3,5,22</p>	<p>employee 17:20 23:20 24:5</p> <p>entered 7:17</p> <p>entity 15:13</p> <p>Epps 2:12 4:16</p> <p>Erica 1:9 4:22 28:5,24</p> <p>ERSA 1:20 4:23,24</p> <p>ESQ 2:10,11,12,17,18,19,20 2:21</p> <p>Ethics 1:2,12 4:7 10:13</p> <p>event 22:9 24:23</p> <p>everybody 17:8</p> <p>evident 16:10</p> <p>example 17:17,22 23:4,8,13 25:1,16</p> <p>examples 17:1 23:11,18</p> <p>exhibit 8:2 12:11,15,21 27:2</p> <p>Exhibit-1 3:12 7:18,23 8:3 29:1</p> <p>Exhibit-2 3:18 12:22 30:1</p> <p>Exhibit-3 3:23 27:3 31:1</p> <p>exhibits 8:20</p> <p>expand 23:10,12</p> <p>expected 4:15</p> <p>explain 16:6</p> <p>explicit 22:24 23:14</p> <p>explicitly 24:1</p> <p>express 5:6,9</p> <hr/> <p style="text-align: center;">F</p> <hr/> <p>F 28:1</p> <p>face 5:5</p> <p>fact 15:16</p> <p>feature 5:24 8:10 9:6</p> <p>federal 4:17</p> <p>feel 9:16</p> <p>filed 7:14</p> <p>filer 15:5,23 16:7 22:18,19,20 22:24 23:2 25:9,16</p> <p>filers 23:14,21,24 24:5,9</p> <p>filing 17:11 23:7</p> <p>financial 1:2 4:11 5:18 10:17 21:14 23:7 24:2,3</p> <p>first 4:8 5:7 14:14 15:1 21:9 21:22</p> <p>fit 23:7</p> <p>five 17:22</p> <p>Fleet 22:4,5,9</p>
--	---	---

<p>floor 1:13 19:3,18 folks 17:11 following 6:2 23:2 footnote 22:10 foregoing 28:7 forever 26:16 forgive 21:19 22:16 form 6:13 forward 18:20 found 6:10 full 20:5 further 22:13 23:4 future 7:8</p> <hr/> <p style="text-align: center;">G</p> <hr/> <p>G 8:21 GARDNER 2:21 gathered 5:7 general 9:22 10:12 21:16 give 17:10 20:21 giving 6:17 17:24 go 12:2,2,5 going 5:1 8:24 10:2,20,23 12:15 13:21 18:19 20:10 26:18 Gonzalez 2:10 4:13 good 12:6 20:20,24 grateful 21:11 great 5:10 greater 13:9 greatly 26:11 green 11:7,10,21 14:2 19:9 19:14 20:6 Greenwald 2:19 9:2 10:4,7,8 10:10 11:4,22 12:6,14,18,24 18:24 19:5,20 guess 25:15 guidance 17:11 18:21</p> <hr/> <p style="text-align: center;">H</p> <hr/> <p>H 2:8 3:6 happens 17:5 hard 21:10 Health 21:24 hear 20:21 heard 20:9 26:13 hearing 1:2 4:9,22 5:13 6:20</p>	<p>6:21 7:1,1,6,9,17 8:8 9:9,18 9:21 11:8 19:6 26:14,19,21 Hearn 1:9 4:23 28:5,24 held 22:19 helpful 23:18,24 24:10 hold 4:9 26:16 Home 6:3 Hopefully 14:1 HORTENCIA 2:23 hosted 1:11 husband 5:8,11</p> <hr/> <p style="text-align: center;">I</p> <hr/> <p>identification 8:2 12:21 27:2 identify 8:15 included 20:3 including 7:15 8:13 income 13:11,17 14:15,24 15:4,7,11,14,16,24 16:2,5 16:14 17:6,13 18:14 incorporate 14:18 incorporated 16:20 18:17,19 incorporates 15:20 incorporating 18:3 increase 18:20 indicate 14:4,5 individual 15:12,17 16:5 25:9 initially 10:21 Integrity 20:15 21:6,7 Intellectual 21:24 intended 24:20 intent 8:9 interest 1:2 4:11 5:18 10:18 17:23 22:19 interested 5:14 interests 23:7 interrupt 11:16 invite 9:10 involve 15:12 issued 16:21 italics 14:4 Item 16:22</p> <hr/> <p style="text-align: center;">J</p> <hr/> <p>J 2:11,17 JoAnne 2:12 4:16 joined 4:13</p>	<p>Jordana 2:19 10:10 12:2 22:2 24:13 Jordana's 21:20 JR 2:17 Judge 5:3,10</p> <hr/> <p style="text-align: center;">K</p> <hr/> <p>kind 16:11 KLEMM 2:20 know 11:13 19:1 24:16 25:2 25:12,13,23 knows 5:1 Krystle 21:7</p> <hr/> <p style="text-align: center;">L</p> <hr/> <p>L&I 24:7 large 13:3 lastly 25:12 late 4:18 law 3:12 4:20 6:8 16:19 17:3 layers 26:9 leave 19:15 legal 6:12 line 23:11 link 5:23 10:20,21,23 12:8 list 16:1,4 lists 14:22 little 23:10,13 LLC 17:23 look 11:2 looking 18:10 20:5 love 23:11 lovely 5:4</p> <hr/> <p style="text-align: center;">M</p> <hr/> <p>magnificent 5:8 making 22:24 manage 25:10 Management 22:4 marked 7:18,23 8:2 12:21 13:24 20:4,6 27:2 MARKED/ATTACHED 3:10 mask 11:8 matter 1:8 11:20 14:6 28:9 McCormick 2:11 4:14 MCHALE 2:22</p>
--	--	--

<p>means 4:24 mechanism 7:10 meeting 6:8 7:8 9:15 13:8 15:20 18:3,7 26:23 member 2:10,11,12 4:13,16 5:22 24:7,8 members 2:5 5:14 7:5 9:9,15 9:16 20:1,20 21:1 Memorandum 3:13 met 16:5 Michael 2:8,18 4:5 9:23 minor 13:23 19:23 minutes 21:21 modifications 5:16 7:4 modify 7:11 move 22:9 muted 5:5</p> <hr/> <p style="text-align: center;">N</p> <hr/> <p>N 2:2 28:1 name 4:5 10:10 16:4,11 17:9 21:23 names 16:7 17:9 need 13:9 16:9 26:16 needs 15:14 16:7 new 14:2,21 17:1 newspaper 6:22 non-Filer 22:15 Notary 1:10 28:6 note 4:12,19 13:22 notes 3:23 22:17 28:8 notice 6:15,17,21 notify 8:9 noting 22:10 November 1:14 9:24 28:22 number 3:9 12:16 numbers 14:8</p> <hr/> <p style="text-align: center;">O</p> <hr/> <p>O 8:21 28:1 objection 12:12 obligation 24:20,22 obligations 22:13 occupation 23:19 occurred 7:20 October 6:7 9:15 13:8 15:19 18:2,7</p>	<p>offer 20:12 21:18 Office 22:4 officer 17:20 20:15 21:6,8 official 21:23 25:10 officials 24:21 oh 11:13 19:18 okay 9:5 12:1 19:12,17 20:8 open 19:3,18 operates 16:8 opinion 13:15,20 15:22 18:10 opportunity 5:13 7:2 11:1 25:20 options 17:5 18:15 order 8:13 21:19 origin 24:19 owners 13:10 ownership 17:21</p> <hr/> <p style="text-align: center;">P</p> <hr/> <p>P 2:2,2 p.m 1:15 26:23 PA 1:23 PAGE 3:9 paragraph 13:13 Parkway 1:12 part 14:12 15:1 22:14 particular 13:20 particularly 11:14 23:20 parties 5:15 passing 5:10 peace 26:17 pending 3:18 7:12 10:16 Pennsylvania 1:13 13:18 16:19 percent 17:22,23 percentage 17:21 Perfect 12:18 permissible 23:23 permitted 24:1 person 8:7 phila.gov 8:23 Philadelphia 1:1,11,13,23 4:6 6:3 21:8 Phillies 25:3 Phyllis 2:9 4:14 places 20:7 play 12:4</p>	<p>Plaza 1:22 please 8:8,20 19:19 plumbing 17:4 plus 21:12 position 23:19 24:6 posting 6:6 practical 25:8 practice 17:3 precedent 13:18 preliminary 5:12 prepared 11:14,16 presence 11:5 present 2:12 4:21 8:7 11:18 presenting 10:13,24 pressed 9:17 previewed 10:15 previously 14:10 primarily 13:12 15:19 prior 8:16 proactively 6:19 proceedings 4:2 11:17 process 6:2 26:8 profession 23:20 Professional 1:9 28:5 proper 6:13 propose 18:18 proposed 1:2 3:14 4:9 5:17 5:19 6:1,4,6,9,10,16,17,20 6:24 7:3,11,15 9:13,20 10:15 13:13 17:17 20:12 21:3,17 proprietor 15:11 proprietorship 15:10 18:8,16 provide 5:15,23 23:18 provided 6:21 18:21 public 1:2,10 3:15 4:9 5:14 6:6,8,15 7:2 9:10,15,16 11:20 13:8 26:18,21 28:6 publicly 21:9 25:21 punt 5:1 purposes 10:11 pursuant 14:24 put 9:3 10:20,20,23 12:8</p> <hr/> <p style="text-align: center;">Q</p> <hr/> <p>question 15:18 questions 7:5 9:14 13:16 18:6</p>
---	---	--

19:2,4	17:13	single 16:16
quickly 13:22 19:22	reportable 25:5	small 8:22,22,22,22,23 13:10
	reported 16:15 23:5	sole 15:9,11 18:8,16
<hr/> R <hr/>	reporter 1:10 4:23 7:22 8:1 12:20 27:1 28:6	solo 17:3
R 2:2 28:1	REPORTERS 1:20	somebody 22:22
raised 9:14 13:8 15:19 18:7	reporting 13:11 14:18 15:15 22:14	sorry 19:21
reaches 25:4	requested 18:2	sort 14:14 15:20 18:9
reading 22:17 25:2	required 6:3 16:3	source 18:13 24:24
really 15:3 25:21	requirement 17:19	South 1:21
receipt 25:7	requirements 14:23 24:15	speak 26:16
receive 26:10	respond 7:9 9:17	specifically 13:9 15:8 23:6
received 7:22 15:5,8 22:20	response 9:14 21:3 22:5	specifics 15:7
receives 22:23	responsive 13:7	specifies 17:18
recognize 23:16	review 24:7 26:9	spelling 15:2
recognized 10:6 20:17	reviewed 6:9	spend 22:14
recollection 24:19	revised 9:20	staff 2:15 5:22 8:9,11 9:11,12 21:1,11 24:2,2 25:10,22 26:14
recommend 7:3 9:12 24:16 25:14	revision 14:3	Staley 4:20
recommendation 25:11	revisions 9:13 10:15	start 10:19
recommendations 5:16 9:18	Reynelle 4:20	started 11:22
recommended 13:6,12	right 4:17 10:22	statement 1:2 4:11 5:18 9:8 10:17 11:19 18:23
record 4:12,19 7:17 8:24 10:11 25:7	rule 6:3 18:10	states 23:22
recordkeeping 24:15	<hr/> S <hr/>	stating 23:6
Records 6:7,14 7:15 10:22	S 2:2 3:6 8:22,22,23	stenographic 28:8
red 14:4	Sanjuanita 2:10 4:13	Stevenson 3:24 20:18,24 21:5
Reed 2:8 4:4,5 8:5 9:2,5 10:4 10:6,9,14 11:4,13 12:1,7,12 12:17 18:22 19:3,17,20 20:8 20:16,19,23 26:4	Sarah 3:23 20:17 21:5 26:5	Street 1:13,21
reformatting 14:7	says 15:22	Sub 14:20,20 15:9,13,18
Reg 21:17 22:18,22 23:22	schedule 11:24	submit 8:19
regarding 8:12 10:14 11:19	scheduled 6:19	submitted 10:22
regardless 24:23	screen 12:11 13:1	submitting 9:21
regulation 1:2 3:13,19 4:10 5:17 6:11 7:12,16 10:16 13:14 14:12 18:19 20:13 21:4 26:19	second 10:20	Subpart 14:9,20,22,24 16:3
regulatory 26:8	Section 6:4	subparts 14:11,13
related 23:5	see 5:4 12:5 13:1 14:1,19 19:9 19:12 20:6	substantive 20:4
relating 10:17	send 8:20	suggest 22:15 23:6
relaying 16:15	separate 15:12	suggested 19:24
relied 13:19	sequential 21:18	suggestion 22:9
remarks 5:13 26:5	Series 25:4	Suite 1:22
renumbered 16:22	Services 22:1,5	support 25:10
repeat 9:1	set 17:15 23:4	supports 21:17
report 7:7,9 13:17 15:7,10,14	SHANE 2:17	Supreme 13:18 16:19
	share 12:10,24	sure 16:12 22:7,24 25:8
	side 22:21	sympathy 5:9
	similar 23:8	<hr/> T <hr/>
	simultaneously 11:2	T 3:6 28:1,1

<p>take 6:23 8:6 13:21 25:13 taken 1:8 28:8 talking 13:2 15:3 tell 11:17 tells 26:15 term 14:19 25:18 terms 18:4,11 25:14 testify 8:8,13,14 9:11 10:2 testifying 10:5 testimony 3:24 7:9,21 8:6,12 8:17 9:22 10:14 11:3,16 12:3,11 13:6 20:12 text 14:2,3 thank 8:5 10:8 11:10,11 20:16,18 21:2 22:2 25:19,22 26:3,4,20 thing 16:24 25:15 things 12:5 24:10 26:1,6 think 5:6 19:10 24:5 25:16 THOMAS 2:20 threshold 25:4 thresholds 16:6 thumbs 20:21 ticket 25:3 tickets 24:15,21,23 time 5:7 7:13 8:1 11:23 12:20 19:10,13 27:1 timing 15:4 tirelessly 25:23 title 22:11 today 4:8 10:14 13:6 21:3,6 25:20 today's 5:13,21 9:21 topic 21:13 train 19:14 transactions 23:5 transcribed 4:22 transcript 1:8 28:7 traveling 11:11 trial 4:17 true 28:7 try 13:3 trying 16:12 turn 7:20 8:14 two 10:1 14:13 17:1,2,15 24:10 type 16:9</p>	<p>types 17:2 24:23 typographical 19:24 typos 24:12</p> <hr/> <p style="text-align: center;">U</p> <hr/> <p>ultimately 15:16 underlying 18:11 understand 23:9 understanding 9:11 unique 24:6 United 1:22 updated 14:18</p> <hr/> <p style="text-align: center;">V</p> <hr/> <p>VASQUEZ 2:23 version 10:21,24 20:2 versus 23:19 24:6 25:9 Vice 2:9 4:14 voter-approved 22:6</p> <hr/> <p style="text-align: center;">W</p> <hr/> <p>W 2:9 want 11:5 19:8,11,22 25:13 25:21 wanted 17:10 way 25:1 we'll 12:3,4 we're 15:9 Web 1:10 website 6:18,22 Wednesday 1:14 weeks 10:1 22:7 welcome 4:4,21 11:6,9 wish 7:6 20:11 26:13 wishes 8:8 9:19 20:15 witness 4:16 8:15 witness' 8:14 witnesses 7:6 19:7 20:11 26:12 words 22:20 work 18:5 21:10,13 25:24 worked 21:12 25:23 works 11:23 World 25:4 wrap 19:11 WRIGHT 2:21 written 9:22 22:22</p>	<hr/> <p style="text-align: center;">X</p> <hr/> <p>X 3:6</p> <hr/> <p style="text-align: center;">Y</p> <hr/> <p>year 14:19 15:15 21:12 22:14 23:2 26:1</p> <hr/> <p style="text-align: center;">Z</p> <hr/> <p>Zoom 1:10 5:24 8:10</p> <hr/> <p style="text-align: center;">0</p> <hr/> <p style="text-align: center;">1</p> <hr/> <p>1 14:20 15:13 1:05 1:15 1:23 19:15 1:30 26:23 12/29 3:20 13 9:24 1515 1:12 1520 1:22 17 1:14 17th 1:21 18th 1:13 19 28:22 19103 1:23</p> <hr/> <p style="text-align: center;">2</p> <hr/> <p>2 12:16 14:20 15:9 22:3 2:00 19:15 20-610 23:17 2017 16:21 2017-001 13:15 2021 1:14 6:8 9:24 28:22 215 1:24 27 6:8 27/31 3:24</p> <hr/> <p style="text-align: center;">3</p> <hr/> <p>3 1:2 3:13,19 4:10 5:18 6:11 7:12,16 10:16 13:14 15:18 20:13 21:4,17 22:12 26:19 3.10b 22:12 3.10c 23:3 3.11 23:15 3.14 13:13,22 3.14c 23:8 3.15b 25:6</p>
---	---	---

3.15d.2 24:17
3.15d.3 24:14,16 25:6
3.4b 21:22 22:10
3.4c 22:3
30 1:21 9:24

4

4 16:22 23:3

5

5 23:15
5,000 14:17
50 17:23
500 14:16,16
564-1233 1:24

6

6 24:12

7

7 24:14

8

8-407 6:4
8/28 3:16