

**IN THE COURT OF COMMON PLEAS
DAUPHIN COUNTY, PENNSYLVANIA**

IN RE: : **SUPREME COURT OF PENNSYLVANIA**
: **276 M.D. MISC. DKT. 1999**
THE SIXTEENTH STATEWIDE :
: **DAUPHIN COUNTY COMMON PLEAS**
INVESTIGATING GRAND JURY: NO. 8 M.D. 2000
:
: **NOTICE NO. 11**

**ORDER ACCEPTING AND FILING
INVESTIGATING GRAND JURY REPORT NO. 2**

AND NOW, this 23rd day of February, 2001, upon review of Investigating Grand Jury Report No. 2, and finding that said report properly regards public corruption and proposes recommendations for administrative, executive and/or legislative action in the public interest based upon stated findings, and further finding that said report is based upon facts received in the course of an investigation authorized by the Investigating Grand Jury Act, 42 Pa.C.S. ' 4541 *et seq.*, and is supported by the preponderance of the evidence, it is hereby

ORDERED

1. That Investigating Grand Jury Report No. 2 is accepted by the Court with the direction that the original be filed as a public record with the Court of Common Pleas of Dauphin County and that a copy be filed as a public record with the Court of Common Pleas of Philadelphia County.

2. That the Attorney for the Commonwealth deliver copies of the Report to the following:

- A. The Members of the Pennsylvania House of Representatives;
- B. The Members of the Pennsylvania Senate;
- C. The City Commissioners of the City of Philadelphia;

- D. The Mayor of the City of Philadelphia;
- E. The Members of the City Council of the City of Philadelphia;
- F. The Secretary of the Commonwealth.

BY THE COURT:

G. THOMAS GATES
Supervising Judge

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TO THE HONORABLE G. THOMAS GATES, SUPERVISING JUDGE:

REPORT NO. 2

We, the members of the Sixteenth Statewide Investigating Grand Jury, based upon facts received in the course of an investigation authorized by the Investigating Grand Jury Act regarding conditions relating to public corruption as defined in the Investigating Grand Jury Act and proposing recommendations for legislative, executive and administrative action in the public interest. So finding, with not fewer than twelve concurring, we do hereby adopt this Report for submission to the Supervising Judge.

Foreperson C The Sixteenth Statewide
Investigating Grand Jury

DATED: _____, 2001

INTRODUCTION

We, the members of the Sixteenth Statewide Investigating Grand Jury, have conducted an investigation of possible violations of the Election Code, and other criminal offenses, committed by political committees and individuals during the 1997 and 1999 judicial elections in Philadelphia. Our investigation was initiated as a result of a complaint received by the Office of Attorney General, in February 1999, from the Committee of Seventy, a not-for-profit, nonpartisan political watchdog agency. That complaint alleged that ward committees had engaged in widespread violations of the Election Code, by failing to report contributions they received during the primary judicial elections in Philadelphia. The complaint further alleged that the blatant disregard of the Election Code by the ward committees had been occurring for many years.

During the course of conducting our investigation, we have received evidence regarding the judicial election process from participants in all aspects of that process, namely: candidates, candidate committee treasurers, and other individuals who were involved in the candidates' campaign activities; members of ward committees; members of other political committees which received candidate contributions; consultants who were retained by candidates to assist them in their campaign efforts; and representatives of the county and state agencies which are charged with the responsibility of monitoring campaign financing and reporting. The sections of this report are categorized accordingly. Our purpose in conducting this investigation was to determine if any crimes occurred in relation to the 1997 and 1999 judicial elections, and, if so, to determine who was responsible for their commission. In those instances where we have found criminal conduct, and have been able to identify the persons responsible for it, we have recommended the initiation of criminal proceedings, consistent with our duty, through the issuance of investigating grand jury presentments. In many instances, we have found criminal conduct, but have not recommended the initiation

of criminal proceedings, due to the expiration of the statute of limitations. In some instances, we are able to identify criminal conduct, but are unable to assess responsibility, due to the insufficiency of admissible evidence. In other instances, we are unable to say that the conduct which has occurred was criminal. We believe, however, that the conduct which occurred calls for changes in the Commonwealth's Election Code. Accordingly, we are issuing this investigating grand jury report so that we might detail our efforts and provide a record in support of our proposals for legislative, executive and administrative action to correct the problems or perceived problems which we have identified. Some of our findings are drawn from the investigating grand jury presentments which we have issued. They are repeated here to the extent that they are the basis for our present recommendations.

I. JUDICIAL CANDIDATES

During the course of this investigation, the Grand Jury heard from a total of thirty-two judicial candidates, including all of the 1997 candidates, some of the 1999 candidates, and some who were candidates in both of those years. The portions of their statements which are specifically relevant to other sections of this report are included in those sections. However, the candidates statements, collectively, paint the overall picture of the method through which the judicial elections in Philadelphia occur, and thereby relate the story of how one goes about the business of becoming a judge in Philadelphia. It is a picture which is not pretty, a story which needs telling, and a business which, in fact, is a business.

Many of the candidates referred to the series of events involved in their campaigns as **A**the process.[@] All of the candidates, however they referred to their campaign activities, went through the process. Simply put, the process is about money - raising and spending it. On the spending end, the overwhelming focus is on **A**street money,[@] the universal euphemism for what is officially described in

campaign expense reports as "election expenses" or "election day expenses." Street money is the primary vehicle in which the candidate's message is delivered to the voters, through the distribution of sample ballots or other literature which encourages votes for the candidate. The amount of money spent by candidates varied, but it was not uncommon for 1997 candidates to spend \$100,000. One unsuccessful candidate was informed by a consultant that in order to be "competitive," the candidate would need to spend \$75,000. According to that candidate, "The consultant thought that would do it. It didn't." The consensus opinion of unsuccessful candidates was that they should have spent more.

The process, to a large degree, begins with seeking the endorsements of the Democratic and Republican City Committees, organizations comprised of the Ward Leaders of the political parties. In Common Pleas and Municipal Court elections, candidates can cross-file, that is, candidates can file as both Republican and Democratic candidates, and appear on both parties ballots in the primary election. It is universally held that candidates who win the primary election on the Democratic side are ultimately successful in the general election, due to the overwhelming majority of Democratic registered voters in Philadelphia. The primary election is, therefore, tantamount to the general election. The endorsement is based upon a vote of the Ward Leader members of City Committee, and, ostensibly, results in all of the Ward Leaders supporting that candidate, through the distribution, in all of the ward's divisions, of the City Committee sample ballot, which contains the names of all of the endorsed candidates. Thus, the Democratic City Committee endorsement is highly sought by the candidates, but is not without cost. The endorsed candidates are expected to make a contribution to City Committee, as payment for the candidate's share of the street money which is distributed by City Committee. In 1997, the contribution was \$30,000. That money, which is given by City Committee to each Ward Leader, is supposed to be

divided among the ward's committeepeople to pay for the costs incurred in connection with the election effort, which is primarily focused on the distribution of the sample ballot by the committeepeople and other workers. The criteria for endorsement, from the candidates' perspective, are varied. Among the factors which weigh heavily in the endorsement equation are service to the party, through the performance of uncompensated legal work, and the support of influential sponsors, among whose number can be found elected officials and certain Ward Leaders (who are sometimes one and the same). The singular common denominator of the endorsed candidates is the contribution to City Committee.

In 1997, the endorsement and the \$30,000, however, did not guarantee success. To the contrary, it did not even ensure the support of all of the Ward Leaders. That was due to the fact that many Ward Leaders, both individually and in groups, who disagreed with the endorsement decisions, broke ranks with City Committee, and supported unendorsed candidates. That free agency proved to be quite lucrative to the renegade Ward Leaders, since it occasioned contributions, ostensibly to be used as street money, not only from the unendorsed candidates, but from the endorsed candidates, as well. As one candidate stated: "A lot of Ward Leaders knew that there were candidates running who were not going to be endorsed (by City Committee), but who had a lot of money to spend, and they didn't want to be in a position where they couldn't take that money... once you invite those people to make their own deals, they're only interested in, basically, the highest bidder." The method through which Ward Leaders supported unendorsed candidates was the production and distribution of their own sample ballots, which included the names of unendorsed candidates, and excluded endorsed candidates. That process is known as "cutting" a candidate. Endorsed candidates, fearful of being cut, made payments, in addition to the \$30,000 City Committee contribution, directly to Ward Leaders. The City Committee endorsement was supposed to result in the support of all

sixty-nine of the Ward Leaders, but, as one candidate put it: "It doesn't work that way in the Democratic Party... what do you get, 10 wards for \$30,000?" Unendorsed candidates, who didn't bear the \$30,000 endorsement burden, were in a better financial position to make the independent deals, and, if they wanted support in the wards, had no choice but to go directly to the Ward Leaders. One candidate found that situation to be a bit appalling. He stated: "I've been in politics all my life... I was a Republican Ward Leader. We never operated that way... You got a ballot (from City Committee) and that was it... It wouldn't even enter my mind to break a ballot."

Part of the process, for many of the candidates, both endorsed and unendorsed, involved gaining access to the Ward Leaders, and the "groups" of Ward Leaders, through consultants or advisors. The Ward Leader groups often conducted "meetings" for the purpose of evaluating candidates. The candidates, who were shepherded to the meetings by their consultants or advisors, spoke to the group, in the hope that they, and the checks they brought along with them, would be accepted by some or all of the Ward Leaders in the group. Generally, the candidates relied heavily on the consultants to navigate the sometimes choppy seas of Ward Leader support. It was through the consultants that the candidates attempted to avoid a situation in which they made a contribution to a Ward Leader, and received nothing in return. In the words of one candidate: "There are some (Ward Leaders) who will look you in the eye, say 'I'm going to support you... take your money, and then they don't do it.'" According to another candidate, a Ward Leader who headed one of the groups requested large sums of money for support in the wards in her group and consistently failed to deliver. That candidate decided not to make the payment to that Ward Leader, based upon the candidate's analysis of past voting results in the subject wards.

One of the other candidates, however, made the opposite decision as to that Ward Leader and her group. He, like many of the candidates, seemed to err on the side of contributing. In justification of the large expenditure, he noted: "A good friend of mine said, 'do you want to wake up after the election not having won and wondering the rest of your life whether that (contribution) would have made the difference?'"

"That type of mindset exhibited itself repeatedly in the statements of many of the candidates, who seemed to have taken an almost cavalier approach in expenditures aimed at gaining Ward Leader support. Payments of thousands, even tens of thousands of dollars, collectively, were made to consultants and Ward Leaders alike, with nary a contract or written agreement, and very little in the way of verbal agreements. It was a lot of blind faith and very little *quid pro quo*. Candidates issued contribution checks, and hoped for the best. Many of the candidates consistently had no memory, or no knowledge, of expenditures, or the reasons therefor. As to some of the candidates, the lack of knowledge was due to an intentional detachment, an effort, born of ethical considerations, to insulate themselves from the monetary aspects of the process. However, in other instances, it was due to the candidate's utter reliance upon, and confidence in the consultants. As stated by one of the candidates: "The way I made out the checks was the way I was told to make out the checks." It was that mindset which resulted in the situations hereinafter described in Section IV, of checks being made payable to non-existent individuals, and Ward Leaders using designated payees. The consultants, and the Ward Leaders they might influence, were indeed viewed as valuable commodities, and were courted with a deference bordering on obsequiousness. Candidates did not seek proof, from the consultants or Ward Leaders, of the support for which they paid, opting instead to check the vote totals they received in the ward. There was a universal belief among the candidates that the Ward Leader's support, through the issuance of the sample ballots, produced results in the final tally. The

perceived power of the consultants and Ward Leaders was further evidenced by the fact that candidates who were unsuccessful in 1997 made the same type of payments to Ward Leaders and consultants when they ran again in 1999. The perceived power of the sample ballot was exemplified by the candidates' pursuit of, and payments to, rump groups, informal alliances of committee people within a ward who have defected from the Ward Leader. Even certain influential committee people were sought out and paid to support a candidate. As to all of those instances, the contributions were for street money, the costs of getting out the vote, and getting the candidate's literature into the hands of the voter.

During the process, candidates spent money on things other than the wards or rump groups, such as: direct mail and newspaper advertising; posters which were posted by volunteers; contributions to neighborhood organizations; and payments to groups or organizations which were not associated with the ward committees, such as the Black Clergy, but which either distributed sample ballots through their memberships, or through putting people on the street to work the polls. However, the prevailing viewpoint among the candidates was that it was the Ward Leaders, through the committee people they controlled, who were in the best position to deliver the votes necessary for success. In the effort to put people on the streets, a few candidates made expenditures, for election day expenses/street money, in amounts ranging from \$1,100 to \$5,500, by writing checks to cash, to the candidate, or, in one instance, to the candidate's husband. The cash from those checks was used to pay election day workers, who in one case were union members, who received \$50 each in exchange for their services.

The general impression of the process which was conveyed by the candidates was not a favorable one. It was a grueling process, which required the candidates to criss-cross the city at all hours of the day and night, in an effort to speak to, and seek the support of, any and all community, civic or neighborhood

organizations. At every stop, the candidates were saddled with the constraints of the Code of Judicial Conduct, which admonishes candidates not to answer many of the questions which would naturally be expected to be asked by prospective voters. Once again, however, the magnet for the majority of the campaign activity was the ward committees. In addition to attending ward meetings, candidates appeared at a seemingly endless series of ward committee candidates nights, fundraisers, and beef and beers, all of which had admission prices. One group of Ward Leaders charged a \$50 interview fee. In commenting on the leader of that group, the campaign manager of one of the candidates noted: She had a (fundraiser) every Tuesday and Wednesday, it seemed. The disenchantment with the process was reflected by comments such as: I got educated the hard way, and I got involved in this thing, and geez, it's impossible. One of the candidates, quoting a former Philadelphia mayor, stated: If you are looking for the worst way we can get judges on the bench, Philadelphia has it. When offered an opportunity to comment on the investigation, another candidate said, The only way to do anything about this is to change the process. Yet another candidate, who ran unsuccessfully in 1997, and successfully in 1999, noted, with no small amount of glee, I'm awfully glad I don't have to go through this process again. Generally, many of the candidates found the process to be frustrating, demeaning, and at times, compromising. Those sentiments were supported, ironically, by a Ward Leader, who is also a member of City Council. That Ward Leader stated:

When you're putting someone in a position with a ten year term, at, \$103,000 or \$107,000 per year, whatever they make, you add it up, it's over a million dollars over ten years. There has been only one person who has not gotten through a retention election in the last twenty-five to thirty years... Basically you have to be either crazy, or shoot somebody not to get retained. And that's for another ten years. So I think many people in the political community have decided, ok, if I am going to help you do that, then you're going to pay and you're going to pay dearly, and you are going to go through one of the

worst possible public processes. You are going to humble yourself to every political person and anybody who has an axe to grind. You are going to potentially put every dime that you can raise, and your own bank account, and your family's, to get this job. And then you are going to get elected and we will never see you again. And I think in many instances (the candidates) just get completely ripped off and abused. It's a horrible system.@

It is also worth noting that, during the process, qualifications was an issue that was rarely brought to the fore. According to one candidate, AI don't think that qualifications ever entered too highly into anyone's consideration, party included.@ Another candidate, putting it more bluntly, noted, AI'm not so naive or stupid that I think that qualifications play any role in this process as it is now.@

II. POLITICAL COMMITTEES

1. WARD COMMITTEES

Evidence obtained during the course of the investigation has established that, based upon a computation of candidate contributions of \$100 or more, fifty-eight Democratic ward committees and two Republican ward committees received contributions which totaled close to \$300,000 in 1997, exclusive of the amounts received through the consultants, which amounts are detailed in Section III, below. Of those sixty committees, only twenty-eight filed reports for 1997 prior to the initiation of the investigation. Nineteen additional wards filed 1997 reports during the course of the investigation. The thirteen wards which have never filed for 1997 received a total of \$49,000 from judicial candidates. Only two of the wards which did not report in 1997, and which received in excess of \$2,000 in 1999, repeated their failure to file in 1999. The below-listed committees were among those which either failed to file in 1997, or grossly under-reported their receipts in 1997.

1. 37TH DEMOCRATIC WARD COMMITTEE

Special Agent Michael Fuller provided testimony regarding the campaign expense reports and financial records associated with campaign contributions to the 37th Ward Committee. A review of the expense reports filed by the 1997 judicial candidates and their committees, as well as the bank records associated with the campaign expenditures, revealed that judicial candidates contributed \$10,500 to the 37th Ward for the 1997 primary election. Four of those contributions, totaling \$4,000, came from candidates who were not endorsed by the Democratic City Committee. One of those candidates was a Republican. The checks for the 1997 contributions were made payable to either Leonard DeBose or the 37th Ward. Additionally, the banking records related to Dan-Silo Services, the company of consultant Peter Truman, revealed that the 37th Ward received \$2,000 in contributions, in the form of two \$1,000 checks payable to Ward Leader Constance Little, for the 1997 primary. The 37th Ward also received \$2,100 from the Democratic City Committee for primary election expenses. Thus, the total of 1997 primary contributions was \$14,600. An analysis of the pertinent bank records demonstrates that the checks payable to DeBose were deposited into his First Union Bank personal account, the checks payable to the 37th Ward were deposited into a 37th Ward account maintained at United Bank, and the checks payable to Little were either deposited into her personal account at PNC Bank, or cashed. There were cash withdrawals from the DeBose account in amounts concomitant to the deposit amounts. No campaign expense report was filed on behalf of the 37th Ward for the 1997 primary election. As to the 1997 general election, three judicial candidate checks, totaling \$1,500, were made payable to DeBose, and a \$1,000 Dan-Silo check was payable to Little. DeBose cashed one of the checks and deposited the other two, and Little cashed the Dan-Silo check. Once again, no campaign expense report was filed as to those contributions.

There was a campaign expense report filed on behalf of the 37th Ward relative to its 1999 primary activities. That report, a 30-day post-election report, which covers the period from January 1, 1999, to May 28, 1999, was filed on June 19, 1999, contained a signature of Beverly Allen as the treasurer, and indicated \$27,550 in receipts and \$17,090 in expenditures. During the course of the investigation, a sample 1999 primary ballot which was distributed in the 37th Ward was obtained. That ballot, which is entitled "Official Democratic Ballot - 37th Ward, Primary Election - Tuesday, May 18, 1999," contains the names and ballot numbers of candidates for all of the offices being elected. A comparison of the judicial candidates listed on the ballot and those who made contributions to the 37th Ward reflects that eleven of the thirteen candidates who appear on the sample ballot made contributions totaling \$10,000. Further, three candidates, who contributed a total of \$2,250, were not on the sample ballot.

In the schedule of expenditures on the campaign expense report, election day ballot printing expenditures of \$370 are listed. The largest expenditures are two which occurred on May 18, 1999, one to Constance Little in the amount of \$7,545, and the other to Eleanor Brown, in the amount of \$6,000, both described as "E-day activities." Those two expenditures were made through checks, payable to those individuals, written on the 37th Ward's account, and cashed. Records obtained from Constance Little, after she testified, included receipts for primary election day "street money" expenditures to ward committee workers, in amounts ranging from \$50 to \$150, the total of which was \$6,100. Also in the records were receipts for "street money" expenditures to workers for Darrell Clarke, a City Council candidate, in amounts ranging from \$50 to \$250, the total of which was \$10,000.

A 30-day post general election campaign expense report, which was filed on December 3, 1999, listed total receipts of \$3,250, the amount which was received from the Democratic City Committee. This

report similarly lists expenditures for AE-day expenses, to Constance Little, of \$4,000, and to Eleanor Brown, of \$3,250, and contains no expenditures associated with ballot printing costs. However, no receipts revealing the ultimate recipients of that \$7,250 were produced by Little. Further, there was no listed expenditure associated with ballot printing costs.

When asked about the expenditures to DeBose and the 37th Ward, the 1997 judicial candidates uniformly stated that such contributions were made in an effort to obtain the ward's support, which would include being listed on the ward's sample ballot. In response to inquiries as to why checks were made payable to Leonard DeBose, candidates either didn't remember, or stated that consultant Peter Truman advised that DeBose was the appropriate payee.

Constance Little, who testified pursuant to an order of immunity, stated that she has been involved in ward politics in the 37th Ward for seventeen years, initially as a committeeperson, and then as Ward Leader. Her service as a Ward Leader commenced in 1992 and continued until January, 2000, when she resigned. In discussing her role as Ward Leader, she stated that she has always handled the ward's money, and that the ward treasurer never handled the money. By way of explanation of the fact that she singularly controlled the finances of the ward, Little stated that as long as she has been involved in politics, it has always been the practice that the ward leader controls the money. Despite her long involvement in the political and electoral processes, she was unaware of the Election Code provision which mandated that treasurers of political committees receive and disburse funds. In fact, Little was not even sure who the ward treasurer was during the 1997 primary, and stated that she thinks it was William Biddle. According to Little, the only other person on the ward committee who handled money was the secretary, Barbara Carroll, whose role was limited to assisting Little in distributing the street money.

During her testimony, Little related she was a member of a group of Ward Leaders, which was headed by Ward Leader Frank Oliver, and was known as the Progressive Ward Leaders. That group was also known as the Truman Group, so named due to the involvement with the group of consultant Peter Truman. Despite the fact that all of the Ward Leaders who constituted this group were members of Democratic City Committee, the Progressive/Truman Group operated independently of City Committee, and made its own decisions as to which judicial candidates to endorse and support. Little acknowledged that judicial candidates who are endorsed by City Committee make large contributions to City Committee, which expects all of its member Ward Leaders to support its endorsed candidates, However, Little stated: They expect it, but they know different. By way of explanation, Little stated that City Committee knows that some of the candidates they endorse will not be supported by the Progressive Group or the African-American Democratic Ward Leaders, that there have been some nasty battles at City Committee over which candidates will be supported, and that the result is a free-for-all.

In describing the process through which the Progressive/Truman Group decided which 1997 judicial candidates to endorse for the primary election, Little stated that prior to the primary, the group conducted a meeting at which the candidates appeared and made speeches. The candidates would then be asked questions, which included an inquiry whether the candidates, if elected, would be willing to do community work after they are elected, since often times, when judges are elected, they forget the ward leaders. After the interviews, the group voted on which candidates to support. Although there were no direct conversation with the candidates regarding contributions to the members of the group, it was understood that the candidates who would be endorsed and supported would give money which would be used by the ward leaders for their committee people to help with the election. Little agreed that the candidates who

made contributions reasonably expected that all of the money which was given would be spent by the ward in its election effort. Further, Little stated that all of the money received from judicial candidates for the 1997 primary election was used for payments to committeepeople and other workers, and for food and ballots.

In discussing ballots, Little stated that the Progressive/Truman Group did print a sample ballot, which was separate and independent of the City Committee sample ballot. However, some of the Ward Leaders in the Progressive/Truman Group would not use that ballot, and would have yet another sample ballot printed for use in his or her ward, due to opposition of one or more of the candidates endorsed by the group. It was understood that if a Ward Leader was not going to support one of the group's candidates, he or she would not take any money from that candidate. Thus, there was dissension among the members of a group, which itself was a dissenting faction of an even larger group, namely, the City Committee. The dissension did not end there, for, according to Little, there is even dissension among the committeepeople in the ward. Sometimes, individual committeepeople make their own deals and put out their own ballot. When Little was shown the above-referenced "Official Democratic Ballot - 37th Ward" for the 1999 primary election, which did not contain the names of three candidates who made contributions to the ward, she stated that it was only one of "probably three or four" versions of the ward's sample ballots which were distributed during the 1999 primary, and that every contributing candidate appeared on one of the versions of the ballot. In explaining the method by which the varying versions are distributed, Little stated that "at 8:00 in the morning you might put out one ballot and at 12:00 you'll put out another ballot with other candidates' names on it, and maybe at 6:00 you'll put out another ballot with some other candidates' names

on it that are not on the first two. Little's ward did not distribute the official City Committee sample ballot in 1997 or 1999.

Little was shown the above-referenced candidate and Dan-Silo Services 1997 contribution checks. When asked why some of the checks were payable to Leonard DeBose, Little stated that the candidates who appeared at the Progressive/Truman Group meeting brought their checkbooks, and that she informed either Truman or Frank Oliver or the candidates that the checks should be made payable in that fashion. Leonard DeBose was her boyfriend at the time, and Little felt that it was easier for her to have DeBose go to the bank and cash the checks. When asked why she didn't make use of the ward's bank account in disposing of the candidate checks, Little related that with some of the checks it was just easier to have Mr. DeBose cash the checks, because I wouldn't have to wait as long for the checks to be cashed. (The 1997 primary contribution checks payable to Leonard DeBose which Little examined during her testimony, with the exception of one dated May 14th, were dated April 30th, May 1st, or May 2nd. The primary election was on May 20th.)

As to the checks payable to DeBose, Little stated that after DeBose cashed the checks, he gave the cash to her, and she used it for election purposes. Little acknowledged that one of the candidate checks, which was payable to the 37th Ward, was deposited into the ward's bank account. As to the three checks from Dan-Silo Services, which were payable to her, Little confirmed that they were from Peter Truman, and stated that the first of the checks, dated May 2, 1997, in the amount of \$1,000, was for an event that we were having in the ward at the time and Mr. Truman was being supportive of that event. When asked why 5-20-97 (the date of the primary election) was written on the for line of the check, Little stated that she did not know. After it was pointed out that the check was deposited into her personal account, Little

claimed that she did that because the check was made out to me to use this check any way that I saw fit in the community, and that the money in the check did not originate from a judicial candidate. The second Dan-Silo check, dated May 16, 1997, for \$1,000, with Berle on the line, was cashed by Little, who stated that the \$1,000 was from Superior Court candidate Berle Schiller, through Truman, for support in her ward. The third Dan-Silo check for \$2,000 dated November 3, 1997, for Election '97, which Little cashed, was used to get ballots done for the election. When it was pointed out to Little that, based on other evidence presented to the Grand Jury, as well as her own ballot printing expenses listed in her 1999 campaign expense reports, \$2,000 seemed an excessive amount for ballot printing, Little said the money was also used to purchase food. She also stated that, to her knowledge, that money did not represent a contribution from any specific candidate.

When shown a May 19, 1997, check for \$1,000, payable to her, from Andre Dasset, a democratic candidate for City Controller, Little stated that it was given to her in exchange for support of Dasset's election effort. According to Little, she deposited that check into her personal account because it was easier for me to do that - I deposited the check and then got the cash. Little further stated that all of the 1997 contribution checks were used for election purposes. However, when confronted with the fact that the 1997 candidate and City Committee contributions to the ward amounted to approximately \$695 per ward division, Little then stated that not all of the money was spent for election purposes, and that some of the money went into the ward bank account. The ward used the money in its account for expenditures such as taking the children in the ward on a bus trip, a trip to Atlantic City, and the purchase of tickets for a Democratic City Committee event. Little further testified that she didn't file a campaign expense report for 1997 because she was naive, and didn't know she was supposed to file a report. When questioned about

the absence of receipts for expenditures associated with the 1997 election efforts, Little explained that when she asked the ward secretary for those records, the secretary told her that they were destroyed in a flood in the secretary's basement.

The above-referenced 1999 30-day post primary election campaign expense report filed for the 37th Ward, as previously stated, reflects \$10,000 more in contributions than expenditures. When asked about this, in light of her previously-stated understanding that candidates expect that all of their contribution money will be spent by the ward committee in furtherance of the election effort, Little said, "We only give the committee people so much money, but it is used to help the ward, is my understanding, during elections." Little stated that she completed and filed that campaign expense report, and that she signed Beverly Allen's name on it, after asking Allen's permission to do so. When asked whether she could explain why Allen testified that she did not give such permission, Little stated: "Well, I did ask her before I signed her name. The only explanation I can tell you is either she forgot or she was ill when I C but I did ask because I needed to file the report." In response to questioning regarding the May 18, 1999, expenditures in the report, of \$7,545 to Little and \$6,000 to Eleanor Brown, Little explained that checks for those expenditures were converted to cash and put on the street. The Brown check money was used to pay committee people, and the money from the check to Little, which represented contributions from City Council candidate Darrell Clarke and another candidate, was used for payments to workers other than committee people.

Leonard DeBose testified, pursuant to an order of immunity, that he has been a friend of Connie Little's for forty to forty-five years. Although he has never held any position in the 37th Ward, he has been engaged in volunteer political work with Little since she became a committeewoman. DeBose confirmed that he received the above-referenced checks, which were payable to him, and ultimately converted them

into cash, which he gave to Little. According to DeBose, the checks were made payable to him based on his instructions to Little, due to the fact that he previously had difficulty cashing checks for Little which were payable to Little, and which he co-signed. He also stated that Little, for security reasons, didn't want to have to carry the cash from the bank. DeBose didn't know whether the ward committee had a checking account.

Eleanor Brown, the payee on the above-referenced \$6,000 check, testified that she replaced Little as Ward Leader in January 2000. During her first appearance before the Grand Jury, she testified that prior to becoming Ward Leader, she served as a committeeperson in the 37th Ward for eight to ten years. As part of her role as a committeeperson, she worked during the 1997 primary election, getting out the vote, and distributing sample ballots, and received between \$150 and \$175 for her efforts. When shown the campaign expense report which reflected a May 18, 1999, \$6,000 expenditure to her, Brown stated, "Good God!" and related that she did not get \$6,000 on May 18, 1999, and didn't have any idea why the report indicated such an expenditure. When asked how much money she did, in fact, receive for the May 1999, primary election, Brown stated: "It couldn't have been over \$200, \$300." Brown also said that a check "must have been" made payable to her, that she didn't know why the report indicated she received \$6,000, that she didn't remember being given a check and being asked to endorse it, but that she would attempt to find out what happened. During her return appearance before the Grand Jury, Brown was shown the \$6,000 check which was payable to, and endorsed by her, and testified that, after seeing the check and having a conversation with Little, she now remembered receiving the check from Little, cashing the check and giving the money to Little, who probably gave it out on election day. Little never told her why the check was payable to her, and she never asked. During the time between her Grand Jury

appearances, Brown was informed by Little that the \$6,000 was used for election day expenses. Brown also testified that she was able to cash the check on the same day she received it, because she went to the bank on which the check was drawn.

Beverly Allen testified that she has been a committeeperson in the 37th Ward for approximately ten or eleven years, and was elected treasurer of the ward committee sometime late in 1999 or early in 2000. However, she does not know who preceded her as treasurer. When asked about her responsibilities as treasurer, she stated: ~~AI~~ was ~~C~~ I was just ~~C~~ it was ~~C~~ I guess it was just a title, because ~~I~~d never ~~C~~ the treasurer, ~~I~~d never even seen ~~C~~ I never knew who the treasurers were and I ~~did~~n't even know what my position would be, because I never seen anybody handle any money. ~~@~~ No one told her what her duties as treasurer were, and she has not had any dealings with the ward's finances or records since she became treasurer. In fact, she ~~has~~n't done anything at all in her capacity as treasurer since she assumed the position. She was unaware of the Election Code provision requiring treasurers to file campaign expense reports, and, in fact, ~~did~~n't know what a campaign expense report was. Further, she ~~did~~n't know who handled the ward committee's money, and ~~did~~n't know Leonard DeBose.

During her testimony, Allen was shown the 1999 30-day post primary campaign expense report which contained a signature of ~~A~~Beverly Allen. ~~@~~ According to Allen, she did not complete the report, did not sign it, did not remember having previously seen it, and did not recognize either the printing or handwriting utilized in affixing her name and signature to the document. Allen also stated that she did not authorize anyone to sign her name on the report, and that she was not the ward committee treasurer during the time period covered by the report.

Allen also provided testimony relative to her receipt of street money. In 1997, either Little or Arnold Mitchell, who was the Aminister@of the ward, distributed the money to her for working the primary election. In 1999, she believed that the primary election street money was distributed by Little and Barbara Carroll, the Ward Secretary. When asked how much money she received for working the 1999 primary, she replied: AI think it might have been \$140. I= just C I really don't remember. It might have been 140. It might have been 75, it might have been 95.@ Allen agreed that the amount provided varies from election to election, but thought that the primary election amount money was greater than the general election amount. She further believed that the amount of money received by the committeepeople is supposed to be dependent upon the total amount of money received by the ward committee from City Committee and candidates. The largest amount Allen remembers receiving during her committeeperson tenure was \$160 or \$165, sometime before Little became the Ward Leader.

William Biddle, who preceded Allen as the ward committee treasurer, testified that he has been a committeeperson in the 37th Ward for approximately eighteen years, but that he was uncertain of the period during which he was treasurer, and was unsure of whether he was appointed or elected to that position. To the best of his recollection, he was the treasurer from 1992 to Amaybe =96 or =97.@ During the time he was treasurer, he had nothing to do with the money or record keeping. According to Biddle: AI was just treasurer in name, actually. I had no duties as treasurer.@ He stated that he has no idea who handled the money or finances while Little was Ward Leader, and never heard anyone discuss money or bank accounts. Although he knew Leonard DeBose as someone who used to live in the neighborhood, and who delivered lunches on election day, Biddle was unaware that checks for the 1997 primary election were made payable to DeBose.

For his efforts in working the 1997 primary, Biddle received \$80 in street money from Little. Biddle related that it was either Little or Barbara Carroll who handed out the street money to the committeepeople, but he wasn't aware of street money being given to workers other than the committeepeople. As part of his election day activities, Biddle distributed ballots which he picked up at a ward meeting. He doesn't remember if there was more than one type of ballot distributed. In discussing the 1999 primary election, Biddle stated that the same process as was discussed for 1997 was utilized in 1999, but that he couldn't remember the amount of street money he received. To the best of his memory, the largest amount of street money he ever received was maybe \$100 or \$125. Finally, Biddle testified that during his time as treasurer, he never completed or filed any campaign expense reports.

Barbara Carroll testified that she has been a 37th Ward committeeperson for twenty years, and was the ward committee secretary during both the 1997 and 1999 elections. As secretary, she recorded minutes of meetings and sent out meeting notices, but had no involvement in keeping financial records. In both 1997 and 1999, Carroll distributed street money that she received from Connie Little to the committeepeople. Although Carroll could not recall the exact amount of the street money for the 1997 primary, she stated that its usually a standard amount, \$150 per division, which is \$75 for each committeeperson. According to Carroll, in both 1997 and 1999, the ballot which was distributed was the official ballot of Democratic City Committee.

Joyce Martinez, who has been a committeeperson in the 37th Ward since 1998, testified that she was appointed as assistant treasurer for the ward committee after the general election in 1999. However, she has no duties as assistant treasurer, and has no involvement in the ward committee's finances. In her role as committeeperson, Martinez worked the 1999 primary election, and received \$100 in street money

from Connie Little. To her knowledge, the other committeepople also received \$100, although some of the committeepople claimed to have received less than that. The largest amount of street money Martinez has received since she has become a committeeperson was \$150.

2. 3RD DEMOCRATIC WARD COMMITTEE

Special Agent Michael Fuller provided testimony regarding the campaign expense reports and financial records associated with campaign contributions to the 3rd Democratic Ward Committee. A review of the expense reports filed by the 1997 judicial candidates and their committees, as well as the bank records associated with the campaign expenditures, revealed that judicial candidates contributed \$11,000 to the 3rd Ward for the 1997 primary election. Six of those contributions, totaling \$5,250, came from candidates who were not endorsed by the Democratic City Committee. Two of those candidates were Republicans. The checks for the 1997 candidate contributions were made payable in the following fashion: six of the checks were payable to Joan Sudler; two were payable to George Craig; three were payable to Joan Sudler and George Craig; one check was payable to the 3rd Democratic Ward. On that last check, the name Anthony Williams was printed on the check above the 3rd Democratic Ward@ payee. Additionally, the banking records related to Dan-Silo Services, the company of consultant Peter Truman, revealed that the 3rd Ward received \$2,750 in contributions, in the form of three checks payable to the Ward Leader, Senator Anthony Williams, for the 1997 primary. The 3rd Ward also received \$2,200 from the Democratic City Committee for primary election expenses. Thus, the total of 1997 primary contributions was \$15,950. All of the checks were cashed at George's Check Cashing Agency.

A 30-day post primary campaign expense report, covering May 6, 1997 to June 9, 1997, signed by Shirley Davis, was filed with the Department of State, Bureau of C.E.L. on May 3, 2000. That report

reflects a beginning cash balance of \$6,750, receipts of \$1,750, expenditures of \$8,500, and an ending cash balance of 0. Only \$1,500 of the \$11,000 candidate contributions, and none of the contributions from Truman, were reflected in the report. Further, the report contained the following statements: AThis committee believes it did not receive contributions, but rather acted as agent for the candidate contributors. However, this filing is made while reserving this position, without prejudice@, and AThe committee believes it did not make expenditures as defined in this body but only acted as agent. This form is filed, however, but without prejudice.@ One of the listed expenditures was to H&M Printing, in the amount of \$556, for Aprinting.@ In 1999, there were no candidate contributions to the 3rd Ward, as the candidates apparently opted to make contributions to Senator Williams=campaign committee, which did file reports. The ward=s election expenses were similarly handled in that fashion.

The candidates who made the above contributions were questioned about them. Some of the candidates didn't recall why the checks were payable in the above-described fashion. Other candidates related that it was consultant Peter Truman who advised them how the checks should be made payable, or that the expenditures were made through consultant Henry Cianfrani. According to the candidates, all of their expenditures to the 3rd Ward were made to gain the support of the ward, and to contribute toward their election expenses.

Testimony was obtained from all of the payees on the contribution checks: Joan Sudler, George Craig, and Senator Williams, as well as from Dorita Byrd and Shirley Davis, who were identified by Sudler as having information regarding the checks.

Joan Sudler testified that in 1997 she was employed as a Chief of Staff in the Philadelphia office of Senator Williams, who was at that time a State Representative. She resigned from that position in June,

1997. Although not active in the 3rd Ward's activities, it was Sudler's understanding that Senator Williams handled the ward's finances. In discussing the checks on which she was the payee, Sudler testified that she was unaware that any checks were payable to her until she was informed of that fact by Dorita Byrd, Senator Williams' secretary. Although unable to recall the specific date of that occurrence, Sudler believed it was sometime in early May, 1997, when Byrd told Sudler that there were checks made out in Sudler's name. Sudler and Byrd then went into an office, where Senator Williams was taping checks, which had apparently been ripped in half, back together. Senator Williams told Sudler that he had accidentally torn the checks, which were payable to Sudler. Senator Williams then presented the checks to her, face-down, for her endorsement. She then endorsed the checks, giving them back to Senator Williams without having seen the fronts of the checks. To the best of her recollection, she signed eight or nine checks that day. Senator Williams didn't say what the checks were for, and Sudler didn't ask. She had no further involvement with the checks, or the funds contained therein. There was no one other than Sudler, Byrd and Senator Williams present when she signed the checks. According to Sudler, she had never previously been asked to sign checks. After signing the checks, she had some misgivings about what she did, and asked Shirley Davis about it. Davis told Sudler that she hadn't done anything wrong, that checks being made out in other persons' names... had been done before. When asked if she was familiar with George's Check Cashing, she stated that although she had never cashed checks there, it was her understanding, based upon conversations she overheard, that George's was the business at which Senator Williams cashed checks to obtain the money used for election day activities.

During her testimony, Sudler was shown a total of nine canceled checks, copies of which were obtained, through grand jury subpoena, from the banking records of the candidates' accounts. Sudler

identified her endorsement signature on the backs of five of those checks. However, as to the remaining four checks, she stated that she did not affix the AJoan Sudler@endorsements on those checks, which were clearly in a different handwriting, and did not authorize anyone to sign her name.

Shirley Davis, a 3rd Ward committeeperson, initially testified that she had never had any discussion with Joan Sudler regarding Sudler=s signing of checks. However, after she was excused from the Grand Jury room, she indicated that she wanted to clarify something about her testimony. She then was re-called, and testified that she did remember Sudler saying she had signed some checks, and telling Sudler that she wouldn't do it, but still did not recall telling Sudler that it had been done before.

Dorita Byrd, who was employed by then-Representative Williams in 1997, testified that she knew nothing about the subject checks, had never seen those checks, and had no recollection of Joan Sudler being asked to sign checks, or being present when Sudler signed checks.

George Craig, who is presently employed by a Philadelphia judge who is an in-law of Senator Williams, testified that he worked as a volunteer in the 3rd Ward during the 1997 elections, and that he had known Senator Williams for approximately five years. During his testimony regarding the candidate contribution checks, Craig exhibited an astounding lack of memory. Although he acknowledged that it was his endorsement signature on checks on which his name appeared as payee, he had no memory at all about how he came to be the payee on the checks, and had no recollection of who gave him the checks or the circumstances under which he endorsed the checks. While he admitted cashing those checks, which totaled \$9,500, he could not specifically recall to whom he gave the cash he received when he cashed the checks. Craig Aguessed@ that he gave the cash to Joan Sudler, only because her name appeared on some of the checks as the co-payee. He also denied signing Joan Sudler=s name on any of the checks.

Senator Williams, who testified pursuant to an order of immunity, stated that he is presently a member of the Pennsylvania Senate, and that he previously served in the Pennsylvania House of Representative for ten years. He has been the Ward Leader of the 3rd Democratic Ward for six or seven years. In his capacity as Ward Leader, Senator Williams both received and expended funds, in the form of Astreet money, on behalf of the ward committee, which has never had a bank account. He kept only very limited records of those transactions, and retained only a portion of such records. He could not specifically recall who the ward committee treasurer was in 1997, stating that it was either Shirley Davis or Robert Little, and was unaware of the Election Code provision requiring that treasurers be involved in committee expenditures. During his testimony, Senator Williams acknowledged that he received money both from City Committee and from judicial candidates for the 1997 primary election. Although he was unaware that the endorsed judicial candidates made contributions, in the amount of \$30,000, to City Committee, he agreed that the endorsed candidates had an expectation that all of the Ward Leaders, who were members of City Committee, would support them in the primary election. Senator Williams confirmed receiving sample ballots from City Committee for the 1997 primary, which contained the names of the endorsed candidates. However, he stated that he printed and distributed his own sample ballot, which was 98% similar to the City Committee ballot. That is, his ballot may have had one or two candidates who were different than those on City Committee's ballot, but he could not recall the names of those candidates. Senator Williams further said that the 1997 candidate contributions to the wards were not sanctioned by City Committee, but that it was a long-standing process. He said: "This whole thing goes back to when I was a kid... This is nothing new that Ward Leaders took contributions from an organized Democratic City Committee and also had direct discussions with candidates for contributions." According to Senator

Williams, the candidate contributions were funneled through a process organized by consultants. Peter Truman was the consultant identified by Senator Williams as being primarily responsible for that process as to his contributions, and also identified Henry Cianfrani's handwriting on the payee line of one of the candidate checks he received.

Senator Williams was shown all of the above-referenced contribution checks and acknowledged receiving the proceeds of those checks, and claimed that those proceeds were utilized for street money, that is, expended on a variety of election day expenses such as payments to committee people and other workers, ballot production costs, and lunches. When asked about the variety of payees on the checks, Senator Williams stated that he had asked both Joan Sudler and George Craig to allow their names to be used as payees in order to expedite the cashing of the checks in time to pay vendors and committee people.

Although Senator Williams admitted receiving the cash after the checks were cashed, he was not positive as to who cashed the checks. He thought it was probably Joan Sudler, because she had done it previously.

Senator Williams also did not specifically recall the checks being ripped, but stated that it was possible that some of them may have been accidentally torn. In response to the information from Joan Sudler that someone other than she signed her name on some of the checks, Senator Williams claimed that he did not know who signed Sudler's name on those checks. As to the check which was payable to the 3rd Democratic Ward, on which the name Anthony Williams was printed above that payee, Senator Williams testified that it was he who printed his name as the additional payee on the check, because there was no 3rd Ward account, and he needed to get the check cashed.

As to the 1997 post-primary campaign expense report, which was filed on May 3, 2000, Senator Williams testified that he gave whatever records he had to Shirley Davis and other staff members to get the

report prepared, but did not know who actually prepared it. He also stated that he asked Shirley Davis to sign the report. Senator Williams had not filed any ward committee reports prior to that, and didn't discover the inadequacy of his 1997 records until the Attorney General's office started asking questions. He also stated that he had nothing to do with adding the statements to the report pertaining to the ward committee acting as Agents and filing the report without prejudice. The report was filed as late as it was because I didn't know at the time I was doing this stuff that the record-keeping and the filing was a part of the process... So, frankly, to be helpful so people would get an understanding what was going on as opposed to some big mystery about, you know, what was going on with the money, we tried to concoct, not concoct, but reconstruct what we did with the money.

Senator Williams had no explanation for the report showing a beginning cash balance of the report of \$6,750, in light of the absence of both a ward bank account and prior reports. He also agreed that the amount of contributions listed on the report, \$1,750, was in serious contrast with the amount of money contained in the contribution checks, which was in excess of \$13,000. When asked if the zero balance indicated that all of the primary contribution money was spent on the primary election, Senator Williams stated that the money was spent on various election day expenses, but that sometimes he saves some money, and carries it over for expenditures related to the general election. When it was noted that a number of the 1997 primary contribution checks, which were dated prior to the election, were not cashed until after the primary election, Senator Williams explained that the proceeds of those checks were used to replace money he had spent for the primary, or was used for the Fall Election. Senator Williams also acknowledged that he presently had no documentation for the expenditures which represented the difference between the 1997 receipts (in excess of \$13,000) and the expenditures listed in the 1997 report

(\$8,500), but was in the process of attempting to document all of 1997 expenditures. In speaking of the 1997 report, Senator Williams stated: AI had discovered I was one of the persons who was guilty of not keeping good records and all that kind of stuff.@ He stated that all of the money that was received was ultimately spent on election activities. However, Senator Williams agreed that the lack of meticulous record-keeping provides ammunition to those who allege that Astreet money@ which is not accounted for finds its way into the pockets of the Ward Leaders.

In discussing Astreet money,@ Senator Williams took exception to what he perceived to be the negative image, portrayed by the media, of the distribution of street money as an Aearthy, incestuous, grimy activity.@ In his opinion, street money is a necessary resource to compensate and encourage people to become involved in what is essentially tiresome and thankless work, which is aimed at increasing the level of participation in the electoral process. He further opined that ward committees are organizations that work for the people and attempt to disseminate information about the elections and the candidates.

As to 1999, Senator Williams confirmed that his ward's election-related financial activities were conducted through the Williams for Senate campaign committee, because, as he put it, AI don't want to have to come back to a grand jury and explain what I did in '99.@ He later stated that he intended to change the procedure of using his campaign committee for ward activities, noting that he intended to establish a 3rd Ward bank account, and establish procedures to enable clear documentation of the 3rd Ward financial activities, as well as the identification of candidates being supported by the ward committee.

Finally, Senator Williams spoke favorably of the Grand Jury investigation, in terms of its potential for effectuating positive changes, stating: AI think that this process will tighten up all of that record-keeping for

everybody. And I think it should. And I think people should be aware of -- they should be educated about what goes on, so that when they walk into the ballot box, they understand the whole (system).@

Information as to the 3rd Ward's election activities was also obtained from Tommy Reid, a legislative assistant to Senator Williams, and from the following individuals who were identified in the 3rd Ward's Certificate of Membership,@ which was filed with the Democratic City Committee: First Vice-Chair Shirley Davis, Treasurer Callie Brown, and Secretary M. David Faison.

Shirley Davis testified, pursuant to an order of immunity, that she has been a committee person in the 3rd Ward for ten years, and has been First-Vice Chair since 1998. Davis further stated that she worked the polls for the primary election in both 1997 and 1999, and was paid \$350 or \$360 to cover the costs in her division, by Senator Williams, the Ward Leader, but did not know the source of the money distributed by Senator Williams. As part of her election day duties, she distributed a sample ballot, which she thought was generated by City Committee. When shown the 1997 campaign expense report, she identified her signature in the affidavit section of the report, which directs that the treasurer sign the report, under the following statement: **I swear (or affirm) that this report, accompanying schedules and statements are to the best of my knowledge and belief, true, correct and complete.**@ Davis, who did not prepare the report, signed it because Tommy Reid brought it to her and asked her to sign it. Reid told her that a signature from a member of the **Executive part of the committee**@ was needed on the report. Davis, who had never previously seen or signed such a report, stated that she was not the Treasurer of the ward committee when she signed the report. Davis realized that since she did not prepare the report, she did not have the ability to verify its content, but was unaware of the Election Code provision which required that Treasurers sign such reports.

Tommy Reid testified that in March, 2000, he was working as a legislative aide to Senator Williams. Sometime during that month, one of the staff members in Senator Williams' office asked him to take the completed 1997 campaign expense report to Shirley Davis. After complying with that request, and securing Davis' signature, he notarized the report, and returned it to the office. He did not know who prepared the report.

Callie Brown, who is listed as the Treasurer, stated that she has been a committeeperson for seven or eight years, and was elected as treasurer approximately two years ago. Brown did not know who preceded her as treasurer, and did not know if she was still the Treasurer, noting that it was only a nominal position. She has engaged in no duties as Treasurer. According to Brown, she received between \$100 and \$150 for her work on election day.

M. David Faison testified that he served as a committeeperson from 1992 until the Fall of 1999. In his role as Secretary, he was not involved with the finances of the ward committee, and did not maintain records of any significance. To the best of his recollection, he received between \$75 and \$100 from Senator Williams for working during the 1997 primary election. Generally, that was the amount received by the committeepersons for working both the general and primary elections. However, Faison thought that he received either \$100 or \$125 for the 1999 primary. He could not recall whether the ward committee distributed the City Committee ballot or their own ballot for the 1997 primary.

3. 11TH DEMOCRATIC WARD COMMITTEE

Documents and records reviewed by this Grand Jury indicate that in 1997 judicial candidates made contributions totaling \$9,250 to the 11th Democratic Ward Committee. These contributions were made through checks payable to: the 11th Ward; Ward Leader Alvin Stewart; or Shellyn Holder, the daughter of

Ward Leader Stewart. Ward Leader Stewart further received \$4,000 from Dan-Silo Services, the company of Peter Truman, a consultant who was working on behalf of the 1997 judicial candidates. Thus, the 11th Ward received a total of \$13,250. Only one campaign expense report for 1997 was filed by the 11th Ward. That report, which identified the ward committee as the 11th Democratic Ward, was a 30-day post election report, covering May 20, 1997 to June 19, 1997, signed by Ward Leader Stewart, and filed on June 19, 1997. The report (hereinafter referenced as the filed report) indicates that there was a zero beginning cash balance, \$3,500 in total receipts, and \$3,500 in total expenditures, leaving an ending cash balance of zero. There were only three receipts listed in the report: \$2,000 from Democrat City Committee, \$1,000 from Marsha Neifield, and \$500 from Gwendolyn Conway, all dated May 19, 1997. (A campaign expense report for 1999 was filed on behalf of the 11th Ward, and reflected \$8,000 in contributions from judicial candidates.)

Alvin Stewart and his daughter, Shellyn Holder, were interviewed by Agents of the PA Office of Attorney General, approximately one month prior to their testimony, in the office of their attorney. During the interview, an undated, unsigned, unfiled campaign expense report was provided to the Agents by Ms. Holder's attorney. The name of the committee on this report (hereinafter referenced as the unfiled report) was 11th Ward Campaign Committee. The report indicates a beginning cash balance of zero, total receipts of \$6,000 and total expenditures of \$5,915. The ending cash balance was \$85. This report listed \$6,000 in receipts, consisting of \$1,000 contributions from each of six judicial candidates. The filed report listed only \$1,500 in contributions from judicial candidates. The unfiled report listed \$6,000 in contributions from judicial candidates. Neither report listed a \$1,000 check from candidate Richard Gordon, a \$1,000 check from candidate Doris Pechkurow, and a \$1,000 check from candidate Harry Schwartz, and the

\$4,000 from Peter Truman's company. Banking records indicated that a \$1,000 check from candidate Harry Schwartz, and a \$1,000 check from candidate Benjamin Lerner were deposited into the personal Mellon Bank account of Shellyn Holder. A review of the disbursements in the account, after receipt of the checks, failed to disclose expenditures which appeared to be related to election activities.

Alvin Stewart, who testified before the Grand Jury under an order of immunity, stated that he is a former City Councilman in Philadelphia County, and has been involved in Philadelphia politics since 1980. He is currently the Ward Leader for the 11th Ward, and has served in that capacity since approximately 1984. He testified that there were twenty divisions within the 11th Ward and that there were forty committeepersons, two per each division in his ward.

Shellyn Holder, who also testified pursuant to an order of immunity, stated that she was presently employed by the City of Philadelphia, Board of Revision of Taxes, and that she has been so employed for the past six years. Holder testified that she received checks that were made payable to her in 1997 as a result of a request from her father, and that she served as an acting treasurer of a committee that worked for unendorsed judicial candidates. She was unable to recall, however, whether or not the checks were given to her directly by the candidates or whether the checks were given to her by her father. According to Holder, her only function as treasurer was receiving the checks, cashing them, and giving the cash to her brother Dwayne and Joseph Faulk. She further revealed that she received compensation for what she did, but was unable to recall the amount of the compensation.

Dwayne Stewart, who testified pursuant to an order of immunity, stated that he is the son of Ward Leader Stewart, and the brother of Shellyn Holder. He further related that he was a committeeperson in the 11th Ward, having been elected to that position in 1998.

Alice Martin testified that she has been a committeeperson in the 11th Ward since 1981, and has been the treasurer of the ward for about the last nine or ten years. In describing her duties as treasurer, Martin noted that the ward had a checking account and checkbook, and that she was responsible for making deposits into that account. However, her description of her involvement in the financial transactions related to election activities established that it was Ward Leader Stewart who was in control of the election finances. It was Stewart who gave her the street money which she, in turn, distributed to the committeepople. The source of that money was City Committee, which would issue a check to the ward, and, on occasion, a check from a candidate. Martin would cash any checks she received from Stewart, and then make the payments to the committeepople. Any money left over after the committeepople were paid was used for a party. Martin further stated that she was responsible for making deposits related to ward fundraisers. During her testimony, Martin was shown all of the above-referenced 1997 contribution checks. She testified that she had previously seen only one of the checks, a candidate check made payable to the 11th Democratic Ward, which she received from Ward Leader Stewart. That check was cashed, and was part of the proceeds used to pay the committeepople for the 1997 primary.

During his testimony Alvin Stewart stated that during the primary campaign he normally holds two ward meetings for candidates, one for endorsed candidates and the other for unendorsed candidates. At those meetings, the candidates appear and present their credentials and talk with his committeepople. It has been Stewart's policy, since becoming a Ward Leader, to invite all Democrats, both endorsed and unendorsed, to come to his ward meetings and speak.

Stewart stated that prior to the 1997 primary election, he received money from Democratic City Committee. Stewart described this as street money or money to be used to support endorsed candidates,

through payments to committeepeople and workers to do various things for candidates, such as distributing literature, ringing doorbells to get out the vote, and working at the polls on election day. According to Stewart, all of the money that he received from City Committee, during the primary election of 1997, was put out on the street. He stated that he received a sample ballot from Democratic City Committee, which was supposed to be distributed to his constituents, either going door-to-door with them, or handing them to the voters as they walked to the voting booth. Stewart acknowledged that the purpose of that activity was the Ward Leader supporting the endorsed candidates.

When asked whether or not he personally received any money from either a judicial candidate or a consultant in 1997 before the primary election, Stewart stated that he did not, that unendorsed candidates gave money to his daughter, Shellyn Holder, and his son, Dwayne Stewart. Stewart further testified that he received money from endorsed candidates through the City Committee, that is, through the money received from City Committee.

Stewart explained that he organized the 11th Ward Campaign Committee, which was identified on the unfiled report, after he spoke to his son and his daughter about it. That committee was organized to support unendorsed candidates. He asked his daughter to be temporary treasurer of the organization, and told certain candidates from whom contributions were received, to make their contribution checks payable to his daughter. As to those candidates, Stewart explained that, in exchange for their contributions, the candidates were supported as follows: Sample ballots were printed which contained the names of those candidates and a Astreet@organization was put together to distribute the ballot and perform various other tasks to support the candidates. The workers who engaged in those activities, who were individuals other than committeepeople, were paid for their efforts. According to Stewart, it was his son, Dwayne Stewart,

who made the arrangements for the printing of the sample ballot for the unendorsed candidates. Alvin Stewart gave his permission to Dwayne to work for the unendorsed candidates.

During his testimony, Alvin Stewart was asked to explain the decision-making process he utilized relative to the acceptance of candidate contribution checks. Stewart stated that unendorsed candidates are usually accompanied to the aforementioned meeting by a consultant. After hearing the candidate's presentation, Stewart decided whether he wanted to support that candidate. Contributions were accepted from candidates he decided to support. As to endorsed candidates, Stewart stated that he does not take contributions from them, since he receives money from City Committee, which originates from those candidates. When asked why he was involved in the support of unendorsed candidates, Stewart stated that he did not always agree with City Committee's endorsement decisions, but he did not want to openly disrespect the party chairman. Thus, it was his son, rather than he, who worked in support of the unendorsed candidates.

Dwayne Stewart testified that prior to the 1997 primary election, he was recruited by his father to work on behalf of candidates, although he had never previously engaged in that type of activity. It was his father who provided him with the materials he used, and who paid him for his work, in an amount which he believed was \$1,000. As part of his efforts, he recruited between twenty-five and thirty people who were friends, or who were known to him in the neighborhood. Joseph Faulk assisted him in this recruitment effort. The workers who were recruited handed out flyers, put up posters, and worked on election day. Each worker was paid. The amount each worker received was determined by Dwayne's father. Joseph Faulk was also compensated for his efforts. According to Dwayne, his father gave him all of the money which was used in his operation, in cash. Dwayne was unable to recall the amount paid to the workers, the

amount paid to Faulk, or the total cost of the operation. He was similarly unable to recall what candidates he worked for, or whether they were judicial candidates. According to Dwayne, he was never told that the candidates were judicial candidates, and was never informed whether the candidates were endorsed or unendorsed.

Joseph Faulk, testifying pursuant to an order of immunity, stated that during the 1997 primary election, he served in the capacity of advisor to Dwayne Stewart, and that he had worked on, and coordinated campaigns prior to that. According to Faulk, he volunteered to assist Dwayne Stewart, after Dwayne told him that Dwayne and his father were going to be helping some unendorsed judicial candidates.

The above-described scenario of Stewart's ward not receiving checks from endorsed candidates, and of the separate committee funded by, and operating on behalf of, unendorsed candidates, seemed wildly inconsistent with an examination of the aforementioned contribution checks. Alvin Stewart, during his testimony, did nothing to logically explain the inconsistency, when he was shown the contribution checks. When shown a check from an endorsed candidate which was payable to him, Stewart stated that he did not recall the check, but acknowledged that he must have received and cashed it, due to the fact that his endorsement signature appeared on the back of the check. As to why the check was payable to him, Stewart's only explanation was that, sometimes, the candidates made checks payable to him. Stewart testified that he guessed he gave the proceeds of the checks to Alice Martin, the ward treasurer. However, he could not recall if he supported the candidate from whom the check was received. A check from another endorsed candidate was made payable to the 11th Democratic Ward. According to Stewart, the proceeds from that check were used for the ward committee's election day expenses. When Stewart was shown five checks from endorsed candidates which were payable to Shellyn Holder, who allegedly was

acting as the treasurer of the operation for the unendorsed candidates, he exhibited a lack of recall as to which candidates were endorsed, or indicated that he couldn't recall why checks from endorsed candidates were made payable to Holder. Stewart's memory was similarly flawed as to the checks, made payable to him, from the company of Peter Truman. Essentially, Stewart did not remember receiving the checks, nor could he recall the purpose for which Truman gave him the checks. Once again, however, he acknowledged that his endorsement signature indicated that he had, in fact, cashed the checks, which totaled \$4,000.

Shellyn Holder, during her testimony, stated that she didn't receive any information, from any source, as to the purpose of the funds in the checks which were made payable to her. Her testimony, that she cashed the checks and gave the money to Dwayne Stewart and Joseph Faulk, was contrary to the testimony of Dwayne Stewart, who testified that he received the funds from his father. Holder was shown a check from Candidate Harry Schwartz, a registered Republican, which bank records indicated was deposited into her Mellon account, and was asked why she deposited the check, rather than cashing it. Her response was: "I don't recall."

Stewart's testimony regarding the above-referenced campaign expense reports, both the filed report and the unfiled report, does little to clarify the activities which occurred in his ward in 1997, and, like his testimony regarding the checks, seems widely at odds with the testimony of other witnesses.

As to the filed report, Stewart acknowledged that he prepared the report and signed it, despite the fact his signature appears on the report form in a section which clearly indicates that the report should be completed and signed by the committee's treasurer. His only explanation for that was: "Well, treasurers have never made up the report. My Ward Leader before me and I have always done the reports." Stewart

also acknowledged that the report only lists contributions from City Committee and two candidates. According to Stewart, the expenditures section of the filed report contained a list of the committeepersons, and the amounts paid to them for their work on behalf of the ward committee, as opposed to the committee which was being operated by his son Dwayne. Stewart further testified that he had not supplied receipts for those expenditures to the Grand Jury, in response to its subpoena, because he probably misunderstood the subpoena. He stated that the receipts were in the possession of Alice Martin.

Alice Martin testified that she had nothing to do with the preparation of the filed report. During her tenure as treasurer, she prepared one campaign expense report, sometime in the past, but that she made such a mess of it. Ward Leader Stewart thereafter took on the responsibility of preparing the reports. Martin recognized many of the names on the expenditures section of the filed report as committeepeople in the ward, and stated she kept a receipt book for those expenditures when they were made, but that book, and many other documents, were destroyed in a flood at her home. The filed report reflected an expenditure to Martin of \$110. To the best of Martin's memory, the actual amount of money she received was \$75.

As to the unfiled report, Stewart testified that it was prepared by his son, Dwayne Stewart, or his daughter, Shellyn Holder, but that he was unaware of when it was prepared, or whether it was filed. According to Stewart, he insisted that the report be prepared, due to the fact that he had experiences in the past where unsuccessful judicial candidates had requested an accounting of what had been done with their money. However, he had no explanation for why the contributions from some of the candidates, in checks to Shellyn Holder, were not listed in this report, and were similarly unlisted in the filed report. He was similarly at a loss to explain why the unfiled report listed a contribution from a judicial candidate whose

records did not reflect a contribution to Stewart, his daughter, his son, or his ward. Stewart further stated that the expenditures section of the unfiled report listed the names of all of workers who were paid by his son Dwayne, for the work performed on behalf of the committee Dwayne organized for the unendorsed candidates. It was then pointed out to Stewart that thirty-six of the names in the unfiled report were the same names which appeared in the filed report, which would indicate that those thirty-six individuals were simultaneously working for both the ward committee (and therefore the endorsed candidates) and Dwayne's committee (and therefore the unendorsed candidates). After Stewart acknowledged that it was, indeed, the same individuals who received money from both committees, he was asked if those individuals simultaneously handed out two separate ballots, each of which supported opposing candidates, Stewart replied: **AI** would hope so.@ One of those listed individuals was Alice Martin.

Alice Martin testified that she knew nothing of a separate committee being operated in 1997, did not receive \$50 from that committee, as was indicated in the unfiled report, and did not receive any separate ballot to be distributed in addition to the City Committee ballot, which contained the names of the endorsed candidates.

Dwayne Stewart testified that he did not prepare the unfiled report, that he did not know who prepared that report, and that the first time he saw it was in his attorney's office two to three weeks before he testified. During his 1997 election activities, he did not keep formal records, but he had all of the individuals who were paid by him write their names and addresses on a piece of legal pad paper, which he gave to his father.

Shellyn Holder testified that she did not prepare the unfiled report, and that she, too, first saw it in the attorney's office, two to three weeks prior to her testimony. She was then confronted with the contents

of her previous tape-recorded interview, which was conducted by special agents of the Office of Attorney General. During that interview, she stated that she had prepared a campaign expense report, for the activities in the 11th Ward for the May 20, 1997 election, which was undated, unsigned and unfiled. Holder testified that she did not recall making that particular statement, but if she did tell the agents that she prepared the unfiled report, she was obviously wrong about that.

Joseph Faulk testified that he and Dwayne compiled a list of expenses on yellow paper shortly after the election. When shown a copy of the unfiled report, Faulk stated that he did not know who prepared it, but assumed it was prepared based upon the list he and Dwayne compiled.

Thus, the identity of the preparer of the unfiled report remains a mystery, as does much about the activities in the 11th Ward relative to the 1997 judicial elections.

4. 61ST DEMOCRATIC WARD COMMITTEE

In conducting our investigation of the 61st Democratic Ward Committee, we have received and reviewed information from the following candidates, reports filed by the candidates and their campaign committees, and financial records related to their campaign activities.

The Honorable Richard Gordon, a successful Court of Common Pleas Court candidate in 1999, stated that he made a contribution to the 61st Democratic Ward Committee, by giving a check, in the amount of \$250, dated May 15, 1999, from his campaign committee, to Ward Leader Robert McGowan, for election day expenses. This contribution is reflected in the ARichard Gordon for Judge@30 day post primary campaign committee report.

The Honorable Benjamin Lerner, who was an unsuccessful candidate in 1997, won election to the Common Pleas Court bench in 1999. A 30 day post primary report of the Committee to Elect Judge Ben Lerner reflects a May 5, 1999, expenditure to the 61st Ward Democratic Committee, in the amount of \$500, for election day expenses, including ballot production and distribution. Judge Lerner confirmed this expenditure, stating that he gave a \$500 check to McGowan, or McGowan's ward, either directly or through consultant Henry Cianfrani, with the understanding that this expenditure constituted his share of the expenses incurred by the 61st Ward in producing and distributing its sample ballot, on which Judge Lerner's name would appear. It was Judge Lerner's understanding, based upon a conversation he had with McGowan, that the above contribution would be used to support his election effort and to influence the outcome of the election in his behalf.

Susan Schulman was an unsuccessful candidate for Common Pleas Court Judge in 1999. A 30 day post primary report filed by her campaign committee, the Committee to Elect Susan Schulman, contains an expenditure on May 4, 1999, in the amount of \$500 to the 61st Ward Democratic Committee for election day expense. In confirming this expenditure, Schulman stated that this expenditure was made by a check issued by her campaign committee, through consultant Henry Cianfrani, for the purpose of the ward committee using the money to defray ballot printing and other election day expenses.

Harry Schwartz, who was an unsuccessful Municipal Court Judge candidate in 1999, stated that he issued a \$500 check, through consultant Henry Cianfrani, to the 61st Ward Democratic Committee, whose leader is Robert McGowan, for the purpose of supporting his candidacy on election day. This expenditure is reflected in Schwartz's campaign committee report as being made for election expenses.

The 30 day post primary campaign finance report of Ira B. Shrager, an unsuccessful Common Pleas Court candidate in 1999, contains a May 10, 1999 expenditure to the 61st Ward Democratic Executive Committee, in the amount of \$500, for Aballots and election day expenses.@ Shrager confirmed this expenditure, and stated that McGowan, the Ward Leader of the 61st Ward, did not give Shrager any support on election day.

During the course of our investigation, we heard from the following 61st Ward Democratic Committee members, known as Acommitteepersons,@ who also were listed, or served, as officers of the ward committee.

Steven Garlanger testified that he has served as a Democratic committeeperson in the 61st Ward in Philadelphia for approximately four years, having been appointed to that position by 61st Democratic Ward Leader Robert McGowan. He also is the designated treasurer of that Ward Committee, having similarly been appointed to that position by McGowan on June 8, 1998. Garlanger acknowledged his signature, as treasurer, on the Certificate of Membership in Democratic County Executive Committee (hereinafter: ACertificate of Membership@) for the 61st Ward, dated June 8, 1998. This document is filed with the Democratic County Executive Committee (commonly referred to as ACity Committee@), which is comprised of the Democratic Ward Leaders of all the ward committees, to register the officers of the ward committee.

Garlanger agreed that the statement on that Certificate indicating that he had been Aduly elected@ was incorrect, since he had been appointed by McGowan, rather than elected. According to Garlanger, McGowan asked him to assume the position of treasurer, since no one was nominated or ran for the position.

When Garlanger became treasurer, McGowan represented to him that he didn't have to do anything, that treasurer was a "token" position, that "we have to get somebody's name down (on the certificate)," and that the ward "doesn't have any money." McGowan never told Garlanger anything about any legal obligations imposed on treasurers of committees by the Election Code, such as the duty to file campaign expense reports, and the exposure of the treasurer to criminal sanctions. Similarly, Garlanger was never informed by McGowan, or anyone else, of the record-keeping duties involved with the treasurer position. Therefore, based upon the representations made by McGowan, Garlanger never kept any records, filed any reports, or did anything else in an "official" capacity as treasurer. Garlanger didn't receive any financial records when he was appointed treasurer, has never seen any such records or any other paperwork during his time as treasurer, and has no knowledge of any ward committee bank account.

Garlanger further testified that during both the primary and general elections which have occurred since he became treasurer, he had no involvement in the receipt or distribution of ward committee funds, with one exception, an incident which occurred some time in August 1998. As to that incident, McGowan informed Garlanger that there was a "surplus of campaign funds," and instructed him to give each committee person ten dollars, and have the committee people sign a receipt. Garlanger distributed the money he received from McGowan as instructed, and had the committee people sign the receipts, which were also supplied by McGowan. In all other instances, during the entire time he was a committee person and treasurer, Garlanger never saw anyone other than McGowan actually handle the ward's money.

In describing the activities related to the 1999 judicial primary election, Garlanger stated that candidates for both the Common Pleas and Municipal Court Benches appeared and spoke at ward meetings prior to the election, in an effort to gain the "support" of the ward committee. Garlanger defined

Asupport@as including the distribution of Asample ballots,@which were provided by McGowan, and which contained the names of the candidates whom the ward committee was recommending to the voters in the ward. These ballots were distributed door-to-door prior to the primary election day, and at the polling places on election day. Garlanger explained that the primary is actually the Areal@ election, since the candidates who win the primary election on the Democratic ballot generally win in the fall election due to the Democratic Party registration majority.

Garlanger further related the method through which McGowan distributed money to the committeepeople for the 1999 primary election. On the Sunday preceding election day, the committeepeople were directed to appear at a meeting place, where each committeeperson received election day money, in cash, when he or she went in to see McGowan on a one-to-one basis. Garlanger went through this process and received his money, the exact amount of which he could not recall. It was Garlanger's understanding that the money which was being distributed by McGowan had been given to McGowan by candidates, for the purpose of promoting and supporting those candidates in the primary election. Garlanger never inquired as to whether the candidates who provided the money were the same candidates who appeared on the sample ballots which he distributed.

Edward Mack, who became a 61st Ward committeeperson in 1998, was appointed, sometime during that year, by Ward Leader McGowan, as the assistant treasurer of the ward committee. When Mack asked McGowan what duties were involved with being assistant treasurer, McGowan said Adon't worry about it.@ Therefore, Mack engaged in no activities in his role as assistant treasurer, was unaware of any contributions to the ward from either candidates or the Democratic City Committee, and never saw, and has no knowledge of, campaign expense reports. Mack further stated that he received approximately

\$100 from McGowan in exchange for his work in the 1999 primary election, which included his handing out sample ballots. According to Mack, it was McGowan who decided which candidates were endorsed by the ward committee.

William Taylor, who has been a committeeperson for fourteen years, and who is listed on the 61st Ward Certificate of Membership as the first vice-chair of the ward, stated that he did serve in that position, until he replaced John Hopkins, who passed away, as the Achairperson@of the ward. Despite holding these titled positions, Taylor stated that he is Anot involved in any of the paperwork, any of the financial things of the ward,@ describing his role in the ward as Avery minimal.@ He had no knowledge that the ward had a checking account, and was not aware of judicial candidates making contributions to the ward in 1999.

In describing the ward committee=s activities relative to the 1999 primary election, Taylor essentially confirmed the process related by ward treasurer Garlanger. Candidates appeared at ward meetings to speak to the committeepople, but there was no discussions with the candidates regarding contributions to the ward. On the Sunday preceding primary election day, Taylor received \$100 cash Astreet money,@ described as money expended to pay committeepople and other workers for their election day efforts, and cover other costs associated with the election. Taylor received this money from Ward Leader McGowan. This Astreet money@ was distributed by McGowan to the other committeepople as well.

Dianne Thompson stated that she has been a committeeperson in the 61st Ward for five or six years, and was appointed by Ward Leader McGowan, in June 1998, as second vice-chair of the ward committee. As second vice-chair, she does not have any particular duties, is not involved in any of the paperwork or financial dealings, and does not know whether the ward had a checking account. In discussing both the 1997 and 1999 primary elections, Thompson confirmed that she and the co-committeeperson in her division

received Astreet money.@ According to Thompson, the street money was always received from Ward Leader McGowan, who would be accompanied during the distribution process by ward Achairperson@John Hopkins, who is now deceased.

Nazario Jiminez stated that during the 1999 primary election he was a committeeperson in, and third vice-chair of, the 61st Democratic Ward, for which Robert McGowan was Ward Leader. Jiminez resigned as both committeeperson and third vice-chair on August 1, 2000. In his role as third vice-chair he had no duties at all, and had no knowledge of the ward having a checking account, or of candidates making contributions to the ward. Jiminez related that he received \$100 Astreet money,@ a term used to describe election day expense money, from McGowan for working the 1999 primary election, and had to sign a receipt, which was presented by McGowan, for the money. Finally, Jiminez confirmed that Robert Hopkins, listed in the ward=s ACertificate of Membership@ as the ward Achairperson,@ is now deceased.

Special Agent Michael Fuller testified that, during the course of the investigation, banking records related to judicial candidate expenditures in 1999 were obtained. An examination of those records resulted in the identification of an account into which all of the above-referenced judicial candidate checks were deposited. A statement for this account, number 1000175830036 at First Union Bank, identified it as belonging to AGertrude Wojcik, Robert J. McGowan, 6239 N. 4th St., Philadelphia, PA.@ The address for the account is the same as that used by McGowan in the Certificate of Membership.

The records associated with this account reveal that between May 11, 1999, and May 17, 1999, a total of \$2,750 was deposited into this account. These deposits were comprised of the five judicial candidate checks detailed above, as well as a check dated May 6, 1999, in the amount of \$500, from the campaign committee of candidate Glynnis Hall. All six of these checks contain the following endorsement:

61st Ward Demo. Committee, Robert J. McGowan, Ward Leader. There were cash withdrawals from this account, all made from automatic teller machines, totaling \$2,351, between May 12, 1999, and May 18, 1999, the date of the primary election. An additional \$400 cash was withdrawn, also through an automated teller machine, on May 21, 1999, three days after the election.

Finally, Special Agent Fuller testified that no reports were filed by the 61st Ward Democratic Committee, for 1997 or 1999, with the City Commissioner's Office in Philadelphia, or with the Department of State, Bureau of Commissions, Elections and Legislation in Harrisburg.

5. 47TH DEMOCRATIC WARD COMMITTEE

In conducting our investigation of the 47th Democratic Ward Committee, we have received and reviewed information from the following candidates, reports filed by the candidates and their campaign committees, and financial records related to their campaign activities.

The Committee to Elect John O-Grady, as reflected in its 2nd Friday pre-primary campaign finance report, made an expenditure on April 7, 1999, to the 47th Ward Executive Committee, in the amount of \$70, for election day expenses. The Honorable John O-Grady, who was elected as a Common Pleas Court Judge in 1999, confirmed this expenditure, made with a check from his campaign committee's account, and stated that he gave the check to the 47th Ward to attend a candidate's night, the purpose of which was the ward's raising money for its election day expenses. Judge O-Grady made the contribution and attended the event in an effort to promote his candidacy. The 30-day post primary report of the campaign committee of Susan Schulman listed two expenditures to George Brooks and his ward. Schulman stated that she assumes the first of these expenditures, on May 8, 1999, to the 47th Ward, in the amount of \$100 for tickets, was for a fundraiser. As to the second expenditure, for \$300, on May 14, 1999, to George Brooks, for election day expenses, Schulman stated that she had been asked to pay this amount to 47th Ward Leader Brooks to cover food costs of the workers on election day.

Ira Shrager stated that he gave a \$500 check, dated May 8, 1999 to George Brooks in City Hall, where, Shrager believes, Brooks is an assistant clerk of Orphan's Court. Shrager gave the check to Brooks, as part of Shrager's efforts to get elected, to defray expenses incurred in that regard by the 47th Ward Democratic Committee. This expenditure is reflected in Shrager's campaign finance report.

The Honorable Jimmie Moore was a successful candidate in 1999 for a seat on the Municipal Court bench. A campaign finance report filed by Judge Moore's campaign committee indicates a \$500 expenditure, on May 17, 1999, to the 47th Ward, which is described as a contribution. The check through which this expenditure was made, which is also dated May 17, 1999, was made payable to the 47th Ward. Judge Moore stated that he met with George Brooks, and had a discussion with him regarding obtaining Brooks' help in Judge Moore's election effort in the 47th Ward. According to Judge Moore, the \$500 contribution was to be used by the 47th Ward for election day expenses incurred in producing and distributing ballots, in furtherance of Judge Moore's campaign. The Honorable Sheila Woods-Skipper confirmed an expenditure of \$70 on May 9, 1999, by her committee to the 47th Ward, for a fundraiser. Although she did not specifically recall that particular fundraiser, she stated that, generally, the wards conduct fundraising events prior to the election in order to raise money for the ward's election day efforts.

During the investigation, we heard from the following 47th Ward committeepeople, who were listed on a Certificate of Membership in Democratic County Executive Committee as ward officers.

Reginald Bundy testified that he has been a democratic committee person, that is, a member of the 47th Ward Democratic Executive Committee since 1982, and that George Brooks has been the Ward Leader of the 47th Ward since 1992 or 1993. Bundy was elected as treasurer of the ward committee in June 1998. When Bundy became treasurer, he received no instructions from Brooks as to what he should do as treasurer and was told nothing about a duty to file campaign finance reports. Bundy did not receive any records or documents at the beginning of his tenure as treasurer, and has never seen any paperwork associated with the finances of the ward committee. According to Bundy, it was Brooks who controlled the finances and handled the money of the ward committee. Bundy was shown an exhibit consisting of

checks representing judicial candidate expenditures to the 47th Ward for the 1997 primary election. Three of the five checks contained an endorsement signature, which Bundy identified as the signature of George Brooks. The remaining two checks were endorsed with the designation "for dep. only," along with the account number, 8611633911, of the 47th Democratic Ward Executive Committee PNC bank account. Bundy had nothing to do with the ward bank account, and, in fact, was not even aware of its existence.

According to Bundy, it was Brooks who distributed money, known as "street money," a term used to describe money expended to committeepeople for their work associated with the election day efforts, and to pay other costs incurred during election day activities. The "street money" was given by Brooks to Bundy and the other committeepeople in the ward for the primary elections in both 1997 and 1999. Although Brooks never identified the source of this "street money," Bundy thought that it came from the Democratic City Committee, since Bundy drove Brooks to the City Committee's office to make a pick-up prior to the elections. Bundy was not sure as to the exact amount of "street money" he and the other 27 committeepeople received from Brooks in 1997 and 1999 but thought it was between \$125 and \$150.

Victoria Newkirk testified that she became a democratic committeepeople in the 47th Ward in May 1998, and was appointed, by Ward Leader George Brooks, as ward secretary in June 1998. She resigned as secretary in March, 2000, having come to the conclusion at that time that she "didn't care for politics." When she became secretary, she received neither records nor instructions from Brooks. Her secretarial duties were limited to keeping minutes of ward meetings in a book which she gave to Brooks upon her resignation. During the ward meetings leading up to the 1999 primary election, there was no discussion about money, or the finances of the ward.

Based upon her experience as secretary and committeeperson, it was her conclusion that Brooks handled the money and finances of the ward committee. Newkirk also received money from Brooks for the 1999 primary election, to compensate her, and the other workers at her division, for their efforts on election day. Brooks did not tell her where he got the money he distributed, and never discussed ward finances with her.

Newkirk further testified that she contacted Brooks when she received the grand jury's subpoena. She was upset about receiving the subpoena since she knew nothing about the finances of the ward. Brooks told her that the investigation was "a fishing expedition, you know, wasn't nothing to it."

Edwina Canty-Rucker is identified in the 47th Ward Certificate of Membership in Democratic County Executive Committee (hereinafter Certificate of Membership) as the first vice-chair of that ward. Canty-Rucker stated that she has been a committeeperson for approximately twenty-two years. In 1997, Ward Leader George Brooks distributed envelopes containing cash for election day expenses to the committeepeople in each of the ward's division, and required the committeepeople to sign for the envelopes. Brooks similarly distributed the election day expense money in 1999.

Marlene Gray, a 47th Ward committeeperson listed on the Certificate of Membership as the 47th Ward's second vice-chair, stated that Ward Leader Brooks paid her approximately \$150 for her work related to the 1997 primary election. She also worked the 1999 primary election, and was again paid by Brooks for her election day efforts.

Marie Holloman, the 47th Ward third vice-chair, according to the Certificate of Membership, also worked, in her capacity as committeeperson, during the 1997 and 1999 primary elections. According to

Holloman, it was Ward Leader George Brooks who paid her for working those elections and required her to sign a receipt for the money she received.

Margaret McClain, a committeeperson in and assistant secretary of the 47th Ward, confirmed that which was stated by other committeepersons, that it was Ward Leader Brooks who distributed the election day money.

Special Agent Michael Fuller testified that, during the course of the investigation, banking records related to candidate expenditures in 1999 were obtained. An examination of those records resulted in the identification of an account into which candidate contribution checks to the 47th Democratic Ward were deposited. The statement for this account, number 861 1633911, at PNC Bank, identified it as belonging to the 47th Democratic Ward Executive Committee, c/o George Brooks, 1626 N. 17th St., Philadelphia, PA. According to Special Agent Fuller, the address on the account is that of Ward Leader Brooks.

The records from this account reflected that between March 1, 1999, and May 17, 1999, checks totaling \$4,235 were deposited into the account. All of the checks, including those associated with the judicial candidate contributions discussed above, contained an endorsement stamp which read: "For deposit only, 47th Democratic Ward Executive Committee." Two of the checks contained Brooks' name, one on the "pay to the order of" line, and one in the "memo" section. Further, the checks, which were primarily from candidates for various elected offices, contained various notations in the "memo" section of the checks, including "candidates night," "meet candidates," "ward fundraiser," "fundraiser," and "election day," indicative of election-related contributions to the ward.

Finally, Special Agent Fuller testified that no reports were filed by the 47th Ward Democratic Executive Committee, for either 1997 or 1999, with the City Commissioner's Office in Philadelphia, or with the Department of State, Bureau of Commissions, Elections and Legislation in Harrisburg. **OTHER**

POLITICAL COMMITTEES

1. **BLACK CLERGY OF PHILADELPHIA AND VICINITY**

During the investigation, the Grand Jury received evidence regarding the interaction between judicial candidates and Reverend Randall McCaskill and the Black Clergy of Philadelphia and Vicinity (hereinafter **Black Clergy**) both in 1997 and 1999, from the candidates, reports filed by the candidates and their committees, and individuals working on behalf of the candidates. That evidence established that in 1997, the judicial candidates made contributions totaling \$21,450 to the Black Clergy. There were additional contributions, totaling \$1,000, from non-judicial candidates. Collectively, evidence obtained from those sources demonstrated that in 1997, the Black Clergy operated as a political committee, both receiving contributions and making expenditures for the purpose of influencing the outcome of the elections in that year. Candidates seeking the endorsement of the Black Clergy were interviewed by Reverend McCaskill, or groups of Black Clergy member ministers. Those who were fortunate enough to attain that endorsement made contributions to the Black Clergy in amounts ranging from \$1,000 to \$2,700, through checks made payable to the Black Clergy or the Olivet Baptist Church, where Reverend McCaskill was the presiding minister. Checks were made payable at the direction of, and delivered to, Reverend McCaskill. It was the understanding of the candidates that their contributions would be used to defray the expenses associated with the Black Clergy's election effort, specifically, as to printing and distributing sample ballots. After the Black Clergy made its decisions regarding which candidates to endorse, they held a press conference during

which the endorsements were announced. Thereafter, sample ballots containing the names of the candidates being endorsed by the Black Clergy were printed at the direction of Reverend McCaskill, with the assistance of Reverend James Allen, the Chairman of the political action committee of the Black Clergy. The sample ballots were then distributed through the member churches of the Black Clergy.

Evidence obtained from sources similar to those referenced above established that the same activities involving the judicial candidates and the Black Clergy occurred in 1999. Contribution checks from judicial candidates in 1999 totaled \$19,700. Additionally, there were contributions from City Council candidates which amounted to \$3,500. Thus, the total amount of 1999 candidate contributions to the Black Clergy in 1999 was \$23,200.

During the course of the investigation banking records of four accounts controlled by Reverend McCaskill, and utilized by him to process the contribution checks in 1997 and 1999, were obtained and analyzed. On April 18, 1997, Reverend McCaskill opened an account at First Union Bank, number 1416696990, through the deposit of judicial candidate checks. That account was entitled "Dr. Randall E. McCaskill, Black Clergy of Philadelphia." The address for that account was Reverend McCaskill's home address. Checks which were issued on the account contained no reference to the Black Clergy, and were identified only by the name and address of Reverend McCaskill. Candidate contribution checks, totaling \$19,250, represented all of the deposits into that account, and disbursement checks, in the amount of \$2,343, were issued from that account in payment of personal expenses of Reverend McCaskill. There were also cash withdrawals from that account in the following amounts: \$5,900 prior to election day; \$1,000 on election day; and \$4,062 after election day. The account was closed on July 21, 1997. During the time Reverend McCaskill utilized that account, the Black Clergy had a banking account which was

maintained and controlled by Reverend Albert Davis, the treasurer of the Black Clergy. Further, during that time period, Reverend McCaskill had two other bank accounts at his disposal, a personal account (First Union number 1408482773, and an Olivet Baptist Church account (First Union number 1411967456). Six of the candidate checks, totaling \$3,200, were deposited into the Olivet Baptist Church account, and one \$500 candidate check was deposited into the personal account.

In 1999, Reverend McCaskill engaged in the same type of conduct. Once again, despite the existence of personal, church, and an authorized Black Clergy account, Reverend McCaskill opened, on February 4, 1999, a separate account for candidate contributions (First Union number 3058293). The title of that account was Olivet Baptist Church, Black Clergy of Philadelphia, and, once again, Reverend McCaskill used his home address for the account. A total of \$17,200 in candidate checks were deposited into that account. All of those checks, with the exception of one \$1,000 check, payable to Olivet Baptist Church, were made payable to the Black Clergy. Reverend McCaskill, once again, issued checks from this account for the payment of personal expenses. The 1999 total of personal expenditures was \$3,863. The cash withdrawals were: \$7,900 prior to election day, and \$1,392 after election day. The account was emptied and closed on February 16, 2000. Further, candidate checks totaling \$6,000 were deposited into the original Olivet Baptist Church account (First Union number 1411967456).

Testimony was further elicited regarding the Black Clergy sample ballot which was distributed in 1999. A comparison of the ballot with candidate contributions reflected that six of the seven Common Pleas Court judicial candidates who contributed were included on the ballot, along with one candidate who did not contribute. However, three candidates, whose contributions totaled \$6,000, were not included on the ballot.

Further, there was testimony which established that no reports were filed by the Black Clergy or Reverend McCaskill, as to their activities in either 1997 or 1999, with either the Office of the City Commissioner in Philadelphia, or with the Department of State, Bureau of Commissions, Elections and Legislation in Harrisburg. Since Reverend McCaskill acted as the treasurer of the Black Clergy, it is he who bears the responsibility for the failures to file.

During the course of the investigation, the Grand Jury heard from Black Clergy members who served as the vice-president, treasurer, secretary and political action committee chairman during the presidency of Reverend McCaskill, which spanned both the 1997 and 1999 elections. Those officers, along with the present secretary, all provided information regarding the political activities of the Black Clergy, as well as the conduct of Reverend McCaskill.

All of the aforementioned officers confirmed the above-described process regarding the interviewing and endorsement of candidates, and the distribution of sample ballots. In discussing the interview process, the Black Clergy officers stated that the candidates were questioned regarding various subjects, including: issues which affect the black community; interest in an intervention process for criminal defendants; their goals, platforms, and plans in terms of helping the minority community; how they would serve the community; and whether they would give consideration, in terms of scheduling, to Black Clergy members who appeared in court as witnesses or character witnesses. However, none of the officers were aware of the contributions accepted by Reverend McCaskill, in 1997 and 1999, on behalf of the Black Clergy. The officers further confirmed the existence of a single authorized Black Clergy bank account, which, at all times relevant hereto, was maintained and controlled by Reverend Albert Davis, the treasurer of the Black Clergy,

who was responsible for handling all of the Black Clergy's financial transactions, including making the deposits into, and the expenditures from, the Black Clergy account.

Reverend Vernal Simms stated that he was elected as the president of the Black Clergy in November 1999, and was installed in that position in January 2000. He previously served as first vice-president under Reverend Randall McCaskill, who served as president of the organization prior to Reverend Simms's election. According to Reverend Simms, the Black Clergy's political action committee is comprised of the Ajudicatory heads@of the various denominations within the organization, and was chaired during both the 1997 and 1999 elections by Reverend James Allen. It is through this committee that the candidate endorsement process occurs. When Reverend Simms became president, he initiated changes in both the committee and the process. He replaced the chairperson of the political action committee and instituted a policy prohibiting the acceptance of candidate contributions, since it is his belief Athat you cannot buy and sell my vote nor the integrity of the Black Clergy.@ In discussing the production of the Black Clergy ballots, and the cost thereof, since he became president, in light of the policy changes he initiated, Reverend Simms stated that they haven't had any ballots yet (the 2000 primary election did not involve Alocal@ elections). However, in consideration of the equipment available to the Black Clergy in its member churches, Reverend Simms stated that they would probably have the ballots printed utilizing church equipment Afor a little less than nothing.@

Reverend Albert Davis testified that he has been the pastor of Mount Calvary Baptist Church in Ardmore for eighteen years, and that he served as an agent for the Interval Revenue Service for fourteen years prior to becoming a minister. He has been a member of the Black Clergy for ten to twelve years, and has served as the treasurer of that organization since 1996. As treasurer, Reverend Davis is responsible for

handling all of the financial transactions of the Black Clergy, including making the deposits into and expenditures from the single Black Clergy bank account maintained at United Bank. Even though the president, vice-president and secretary, as well as the treasurer, have signatory power as to the United Bank account, which is the only officially authorized account of the Black Clergy, all financial transactions are supposed to be conducted through Reverend Davis, who manages the account, and maintains the records related thereto.

Reverend Davis was in no way aware that judicial candidates made contributions to the Black Clergy in 1997, and therefore had no knowledge whatsoever of any disbursements by the Black Clergy of any funds received from candidates. He had no knowledge at all of Reverend McCaskill or the Black Clergy receiving money from judicial candidates in 1997, or expending that money on election-related activities. At no time did Reverend McCaskill inform him about this, or discuss it with him. In fact, when Reverend Davis first learned, through a report in the media, that 1997 judicial candidates had contributed in excess of \$16,000 to the Black Clergy, his reaction was that the report had to be untrue, since he was the treasurer, and he knew that if that kind of money had been given to the Black Clergy, it would have had to come through the Black Clergy account that he, as the treasurer, managed. As far as Reverend Davis was concerned, the media allegation concerning the \$16,000 had to be wrong, because he was the treasurer, he had not seen the money, and in fact, had not even heard about it.

When shown a Corestates Bank statement for account number 1416696990, entitled Dr. Randall E. McCaskill, Black Clergy of Philadelphia, 5001 Overbrook Ave., Phila PA 19131, Reverend Davis stated that he had never seen this statement or the account it represented, and knew nothing about it. To his knowledge, Reverend McCaskill was not authorized to use that account on behalf of the Black Clergy, or

deposit money, which had been accepted on behalf of the Black Clergy, into that account. Reverend Davis had no idea whatsoever about why or how Reverend McCaskill had used that account. Reverend Davis further stated that he was similarly unaware of Reverend McCaskill depositing checks from candidates, in 1997, into McCaskill's personal and Olivet Baptist Church accounts. Reverend Davis did not authorize, or give permission for, that activity.

As to Reverend McCaskill's activities in 1999, Reverend Davis stated that he was not aware of Reverend McCaskill opening an account entitled "Olivet Baptist Church, Black Clergy," depositing candidate checks into that account, and making disbursements therefrom. Once again, Reverend Davis did not authorize, or give permission to, Reverend McCaskill to do that. Further, Reverend Davis did not give authorization or permission to Reverend McCaskill to deposit 1999 candidate checks into a separate Olivet Baptist Church account, or to make expenditures from that account, on behalf of the Black Clergy. In fact, Reverend Davis was not even aware of this activity.

According to Reverend Davis, Reverend McCaskill has never served in the position of treasurer of the Black Clergy at any time since the beginning of 1997, and at no time provided any records of his financial activities to Reverend Davis. Reverend Davis never heard of a "Christian Education Fund" allegedly utilized by the Black Clergy for the purpose of providing scholarships, and was similarly unaware of the Black Clergy using money from candidate contributions to pay for health care coverage for children. Finally, Reverend Davis testified that since the beginning of 1997, he never authorized Reverend McCaskill to use any Black Clergy funds for the benefit of Reverend McCaskill or his church.

Reverend James Allen testified that he was the initial president of the Black Clergy, when that organization was established in 1981. After serving as president for three years, he was appointed as

chairperson of the political action committee in 1984, and served in that capacity until the end of 1999. As chairperson of the political action committee, Reverend Allen was responsible for the printing and distribution of the Black Clergy ballot. In 1997, Reverend Allen paid a total of \$2,700 for the ballot printing and distribution, using a check which was provided and signed by Reverend McCaskill. Reverend Allen further stated that he received an \$1,800 check, dated May 23, 1997, and made payable to his church, from Reverend McCaskill. According to Reverend Allen, Reverend McCaskill gave him this check as reimbursement for the costs associated with several political action committee breakfast meetings conducted by Reverend Allen at his church. Reverend Allen also related that Reverend McCaskill probably told him to keep any amount of the \$1,800 which was left over, that is, above the amount of the costs of the breakfasts, as compensation for the services he rendered as chair of the political action committee.

After Reverend Allen provided the above testimony regarding the expenses which were actually incurred by the Black Clergy in the printing and distribution of the ballots in 1997, he was shown 1997 candidate contribution checks totaling approximately \$19,000. Reverend Allen, the chairman of the political action committee, did not know anything about those checks, which were, ostensibly issued by the candidates for the purpose of defraying election expenses, and could not imagine any reason why that amount of money would be needed for the election efforts of the Black Clergy.

Reverend Allen did not recall any judicial candidate contributions to the Black Clergy in 1999. Once again, as the chairman of the political action committee, Reverend Allen handled the printing and distribution of ballots. After typing the ballot himself, Reverend Allen had the printing of the ballots done at Kinko's. Although he kept no records of the transaction, and could not recall the exact amount he paid for the printing, he believed that the cost was similar in amount to the 1997 printing expenditure. Again,

Reverend Allen received two checks from Reverend McCaskill, on February 16, 1999, and March 7, 1999, both in the amount of \$1,000, as reimbursement for printing and other costs incurred by Reverend Allen in the endorsement process, and as compensation for his services. He identified a copy of the 1999 ballot which he printed and distributed.

Reverend Randall McCaskill was interviewed on two occasions by Special Agents of the Office of Attorney General. During the first interview, which dealt with his 1997 activities, Reverend McCaskill acknowledged that he was the president of the Black Clergy in 1997, and stated that he was employed as a Deputy Managing Director by the City of Philadelphia during 1997. He subsequently assumed another city position, Director of Community Outreach, Communication and Volunteerism. In discussing the activities of the Black Clergy relative to the 1997 primary judicial elections, Reverend McCaskill confirmed the conduct of the political action committee, the solicitation of contributions from candidates, the endorsement process, and the printing and distribution of sample ballots. He also acknowledged that the Black Clergy never filed any reports, with any government agency, regarding the election activities.

However, Reverend McCaskill made numerous statements which were clearly refuted by both the witnesses and financial records previously discussed. Essentially, Reverend McCaskill, on many occasions during this interview, made false statements and material misrepresentations, all of which revolved around his role in the election activities of the Black Clergy, specifically relating to the receipt and use of the funds from the candidates.

Most prominently, Reverend McCaskill claimed that none of the money from the candidate contributions was used by him for his own personal benefit, or for anyone else's personal benefit. (As indicated above, the financial records showed \$2,343 in expenditures for his personal benefit, not to mention the \$10,962 in cash withdrawals which are unaccounted for.) When initially asked what was done with the candidate contributions, before being confronted with the number and amount of candidate checks, Reverend McCaskill only mentioned ballot printing costs. After being shown some checks, he expanded the purported use of these funds to include disbursements, through a "Christian Education Fund," for scholarships, and expenditures on behalf of children who had no medical coverage. He acknowledged having no receipts, invoices or other documents related to such expenditures. (Reverend Davis, the treasurer, never heard of either of these endeavors, and there were no checks reflective of such expenditures in any of the accounts used by Reverend McCaskill in 1997.) While discussing various candidate checks, Reverend McCaskill identified eight checks, totaling \$10,800, as representing the funds used for costs incurred in printing and distributing ballots. (The testimony of Reverend Allen revealed that the actual cost for printing and distribution was \$2,700.) Reverend McCaskill further stated that he did not know who printed the ballots, or who would have written the check to the printing company. When asked how the money for the ballot payment would have been taken out of the Black Clergy account, Reverend McCaskill replied: "Let's see. Most of the time Reverend Stencil handled that." Reverend McCaskill had previously stated that Reverend Stencil is now deceased. (Reverend Allen testified he received the check to pay for the ballots from Reverend McCaskill, and that the check contained Reverend McCaskill's signature. The check was written on an account exclusively controlled by him. According to the other officers of the

Black Clergy, all expenditures are made through the treasurer, a position never held by the deceased Reverend Stencil.)

Many of the misrepresentations in the initial interview involved the bank accounts discussed during the testimony of Special Agent Fuller and Reverend Davis. When shown a check which he endorsed, and which was deposited into First Union account number 1416696990, Reverend McCaskill, in response to a question regarding the nature of the account, stated it was Aan account with Black Clergy that we used.@ (According to Reverend Davis, the Black Clergy had only one bank account. The records of account number 1416696990 indicate only Reverend McCaskill using it.) When further questioned about candidate checks which were deposited into this account, Reverend McCaskill, in an apparent contradiction of his earlier answer, acknowledged that the Black Clergy had only one account, intimating that it was First Union account number 1416696990. (According to Reverend Davis, the sole Black Clergy account was maintained at United Bank.) In response to a question regarding how the money was removed from account number 1416696990, Reverend McCaskill stated: AThe person in charge. I have something to do with that, but at the time I was ill, I wasn't responsible for that....@ (Again, he was the only person who made payments out of that account.)

When shown a candidate check which was deposited into his First Union account number 1408482773, Reverend McCaskill acknowledged his endorsement signature on the check, but, when asked what the account was, he stated: AI have no idea unless when we went to the bank the bank might have made a mistake because we only had one account.@ (This account was his long-standing personal account, utilized extensively by him before, during and after both the 1997 and 1999 election campaigns. Further, he used three separate accounts for the 1997 candidate checks.) Thereafter, Reverend McCaskill

was shown a candidate check, which he said was used for ballots and printing. That check was deposited into First Union account number 1411967456. When asked about the nature of that account, Reverend McCaskill stated, in an inherently contradictory response: It was for Black Clergy. I suspect it might have been, they might have put that into, that might have been, at that time, my church was, ah, had bought a new organ, it might have been that account. When shown another candidate check which was deposited into this account, he then acknowledged that this was the church account.

The second interview of Reverend McCaskill focused on his activities in 1999. He acknowledged that he served as the president of Black Clergy until the end of 1999, and confirmed the existence and operation of the political action committee during that year. However, once again, many of his statements were refuted by the witnesses and documentary evidence outlined above.

Reverend McCaskill claimed he was not active in the 1999 judicial elections, because there was a lot of controversy. (All of the candidate checks were deposited into two accounts which were controlled by him.) Essentially, Reverend McCaskill stated that the Black Clergy followed the same endorsement procedures as were used in the 1997 elections. He also said that contributions were solicited and received from candidates who were endorsed by the Black Clergy. (According to the 1999 Black Clergy ballot and financial records, \$6,000 was received from candidates who were not endorsed). He further stated that money received from candidates was pooled to create a kitty which was used to pay for the printing and distribution of ballots. (According to Reverend Allen and the bank records, only \$2,000 was spent in this fashion; \$3,863 of candidate money was spent by Reverend McCaskill for his personal expenses.)

When asked who actually received the candidate contribution checks, and handled the funds contained therein, Reverend McCaskill explained that the checks could have been given to any number of

the reverends, stating: "This is going to sound strange, but we are not as well organized as people think we are. Some checks were made out to individuals. Some checks were made out to the organization. It varied and it was based on the integrity and honesty of anybody who received the check to present the check. Now I guess I have tried to bear the brunt of this because I was the leadership. But there was never one person handling checks." (All of the candidate checks were made payable to the Black Clergy or to Reverend McCaskill's church, and were deposited into accounts controlled by Reverend McCaskill. The 1999 vice-president, treasurer, secretary and political action committee chairman, had no knowledge of any candidate contributions.) At another point in the interview, however, Reverend McCaskill claimed that he "didn't have anything to do with the printing of the ballots, I didn't have anything to do with the person who distributed the ballots." (According to Reverend Allen, Reverend McCaskill gave him two checks to cover the costs of the ballot production and distribution.)

When asked whether the Black Clergy had a checking account in 1999, Reverend McCaskill said, "Yes. There might have been more than one." (Reverend Davis stated that there was only one account, which he controlled.) In response to an inquiry as to whether he had a Black Clergy checking account in 1999, Reverend McCaskill stated: "Yes. I didn't close it out." (The account he used for the 1997 candidate checks, entitled "Dr. Randall McCaskill, Black Clergy," was closed in July, 1997. The account into which Reverend McCaskill deposited the 1999 candidate checks was entitled "Olivet Baptist Church, Black Clergy," and was opened in 1999, and closed in February 2000, five months prior to the interview. Reverend McCaskill opened and used both of these accounts without authorization from the Black Clergy treasurer.) Finally, Reverend McCaskill stated that "Most of the time we don't have enough money to pay for the ballots and the printing. We go in our pockets and do that. I've done that many times." (According

to Reverend Allen, total amount spent in 1999 for ballot printing and distribution: \$2,000; per bank records, total of 1999 candidate checks deposited into accounts controlled by Reverend McCaskill: \$23,200.)

2. CAROL CAMPBELL'S COMMITTEES

During the course of this investigation, the Grand Jury heard evidence pertaining to Carol Campbell, and her conduct related to three political committees, the African-American Democratic Ward Leaders, The Philadelphia Group, and Campbell '99. The Grand Jury received evidence from the registered treasurers of the three aforementioned political committees, leaders of ward committees, campaign expense reports and other documents filed on behalf of those committees, as well as financial records related to the activities of Carol Campbell. The evidence received by the Grand Jury has demonstrated that Carol Campbell conducted financial transactions on behalf of Campbell '99, the African-American Democratic Ward Leaders, and The Philadelphia Group. As to the latter two of those committees, the evidence establishes that Campbell acted as the treasurer of those committees, and was therefore responsible for the failure of those committees to accurately report their financial transactions.

1. AFRICAN-AMERICAN DEMOCRATIC WARD LEADERS

Benjamin Hassell testified that he has been the ward leader of the 14th Democratic Ward Committee since 1984, and served in that position until approximately February, 1997, when he resigned because he was a candidate for traffic court judge. Through his involvement in politics, he met Carol Campbell, and has known her for twenty years. In 1994, Campbell asked Hassell to be the treasurer of a political committee which she created, and of which she was the chairman. This committee was initially called the U.B.D.W.L. (United Black Democratic Ward Leaders) P.A.C., and subsequently became, and still is known as the A.A.D.W.L. (African-American Democratic Ward Leaders) P.A.C. The committee is

comprised of African-American Ward Leaders of various Democratic Wards in Philadelphia, and was formed by Campbell for the purpose of attempting to elect more blacks as judges. Hassell acceded to the request but he ceased functioning as treasurer in February, 1997, when he began his campaign for traffic court judge.

Hassell testified that no one explained to him what the financial reporting requirements were, and he, in fact, had no idea what was required of him in that regard. Hassell further testified that no one ever explained to him the duties which were imposed on treasurers by the Election Code, and that he did not have any specific duties as treasurer of the A.A.D.W.L., due to the fact that Carol Campbell essentially handled all of the activities, financial and otherwise, of the A.A.D.W.L. Campbell controlled the A.A.D.W.L. bank account, made all of the financial decisions, including those involving who to take money from and who to pay money to, and actually made all the A.A.D.W.L. expenditures, by writing out the checks. According to Hassell, Campbell was the organization. His sole involvement in the expenditure process was signing checks, in blank, so that Campbell, who also signed the checks, could later fill them in and make the expenditures.

During his testimony, Hassell was shown a 30-day post primary election campaign expense report of the U.B.D.W.L. PAC (A.A.D.W.L. PAC), covering May 15, 1997 to June 15, 1997.

Hassell testified that he signed the report, as treasurer, when it was given to him by Campbell, but that he played no role in completing it. He was unaware that one-half of the report, the section dealing with expenditures, was missing from the report. One of the contributions listed in that report was a May 15, 1997 contribution from Pennsylvanians for Good Government in the amount of \$20,000. (The actual name of the contributing committee, which was misidentified in the report, was Public Service P.A.C. As

with all other contributions, Hassell did not know about it at the time it occurred. However, he later became aware of it through news media accounts, which related that the \$20,000 came from a PAC controlled by Senator Fumo, who was angry with Campbell because she received the \$20,000 and didn't support the candidates for whom the contribution was made. When shown an A.A.D.W.L. 30-day post primary amendment report, dated September, 1999, which contained the expenditure information missing from the previous report, Hassell stated that he didn't prepare the report, and didn't remember signing it, although a signature which is similar to his appears on the report. According to Hassell, he doesn't think that it is his signature. The amendment report lists a number of expenditures in May 1997 to a number of ward leaders, including Representative Michael Horsey, Representative Rosita Youngblood, City Councilman Michael Nutter, and Hassell. In explaining a May 19, 1997, expenditure of \$3,000 to him for election day expenses, Hassell stated that Campbell gave him an A.A.D.W.L. check in that amount, saying it was for election day expenses in his ward, and that the funds contained therein were used to defray election day expenses, such as payments for food, and payments to committee people and other workers for their efforts related to the election in his ward. Hassell stated that Campbell had produced a sample ballot, which was given to the A.A.D.W.L. ward leaders, but could not recall which specific candidates were on that ballot.

Hassell was also shown an A.A.D.W.L. (U.B.D.W.L.) PAC annual campaign expense report dated September 2, 1999, which covered the period of January 1, 1998, through December 31, 1998, and which contained his name as treasurer, along with what appears to be his signature. Once again, Hassell testified that he did not prepare this report, which contained an opening cash balance which was \$4,163 lower than the ending cash balance on the previous report. He further stated that he did not sign the report, and did not give anyone permission to sign his name, and was not involved in receiving the contributions, or

making the expenditures, listed therein. The expenditures, about which he had no knowledge and gave no authorization, included two to Carol Campbell: \$2,300 on September 13, 1998, for reimbursement, and \$800 on November 5, 1998, for reimbursement for Louise Bishop.

In addition to providing the above information regarding Carol Campbell and the A.A.D.W.L., Hassell provided testimony about judicial elections in Philadelphia, from his perspective as both a ward leader and unsuccessful candidate. The most important aspect of support, as to judicial elections, is including the candidate's name on the sample ballots which are given by the committeepeople in the various wards to the voters. Hassell feels that he lost the primary election in 1997 because he, along with some of the other judicial candidates, were cut by some of the Democratic Ward Leaders from the sample ballots. In explaining this, Hassell related that the Democratic City Committee supplies all of the Ward Leaders with sample ballots, which contain the names of all of the endorsed candidates, and which are supposed to be distributed by the committeepeople in all of the wards. A Ward Leader cuts a candidate by having the committeepeople in his or her ward distribute sample ballots which do not contain the endorsed candidate's name. Hassell, as well as other candidates, base an evaluation of whether they were cut on the number of votes they received in the ward. The decisions to support non-endorsed candidates are sometimes premised upon the non-endorsed candidate making a contribution to the Ward Leader. Hassell further testified that he remembered an investigation, which was conducted in 1984, regarding the 1983 elections, and which involved a subject similar to that involved in the present investigation, namely, candidate contributions to Ward Leaders. During that investigation, the media reports included allegations that Ward Leaders often times would keep a significant amount of the contribution for themselves, and refer to it as "Yellow Bird money," since they would use it to go to Florida on "Yellow Bird" flights. In Hassell's

experience in politics, he has heard stories of Ward Leaders, after converting the contributions into cash, keeping significant amounts, but denied engaging in this activity himself. According to Hassell, since both his ward, and the voter turnout within, was small, the candidate contributions to his ward were much lower than those made to larger wards.

Roseanne Pauciello, who was the treasurer of the Public Service PAC, which made the \$20,000 contribution to the A.A.D.W.L. by wiring it to the A.A.D.W.L. account, stated there was an agreement with Campbell that, in exchange for the \$20,000, Campbell would print and distribute sample ballots, in the 1997 primary election, containing the names of all of the City Committee endorsed candidates, and, more specifically, the names of the three endorsed judicial candidates who were being supported by the Public Service PAC, namely, Berle Schiller, Gary DiVito, and Fred Perri. The agreement was that the sample ballots were to be distributed in all of the wards whose leaders were members of the A.A.D.W.L.. Those wards were the 4th, 6th, 12th, 13th, 14th, 16th, 22nd, 24th, 28th, 38th, 46th, 47th, 49th, 52nd, and 59th. It was further part of the agreement that the Ward Leaders in those wards, and their respective committeepeople, would actively support those three candidates, using part of the \$20,000 to hire people to assist the committeepeople in that effort. It was Pauciello's assessment, based upon conversations with A.A.D.W.L. members, and examinations of ballots distributed in their wards, that Campbell violated the terms of the above-described agreement, and that Campbell, in fact, ~~Acut~~most of the endorsed candidates, including the three being supported by the Public Service PAC. Specifically, when the Ward Leader of the 38th Ward was questioned as to why his committeepeople were distributing ballots which did not contain the three subject candidates, he referred the inquiry to Campbell, since he said that it was Campbell who decided which candidates appeared on the A.A.D.W.L. sample ballot. Pauciello further related that sample

ballots being distributed in the 52nd Ward, in which City Councilman Michael Nutter is the Ward Leader, did not contain the names of the three candidates. Ultimately, Councilman Nutter returned \$2,000 to the Public Service PAC, since that amount represented his portion of the \$20,000 contribution. Pauciello stated that the City Committee by-laws prohibit a Ward Leader from supporting non-endorsed candidates, and that Campbell, despite receiving additional money to support the three endorsed candidates, still ~~Acut~~ them from her ballots. As far as Pauciello was concerned, Ward Leaders who ~~A~~have any integrity~~@~~ should~~n~~t take money from City Committee to push endorsed candidates, and then take money to support non-endorsed candidates.

Pauciello, who has been involved in ward politics for forty years, and has been a Ward Leader for twelve years, explained the process involved with election day activities, and expounded upon the importance of sample ballots in judicial elections. Ward Leaders, who receive money from City Committee and other sources, distribute that money to the ward's committeepeople, who hire additional workers, people from the neighborhood who are known to the voters, and pay for the costs, such as those incurred in providing food for the workers, associated with the ~~A~~get out the vote~~@~~effort. Both the committeepeople, who are also known to the voters, and the workers then handout the sample ballot, which they receive from the Ward Leader, to the voters, recommending that they vote for the candidates contained thereon. As to the primary judicial elections, the list of candidates on the sample ballot, with very few variations, are the top vote-getters in the ward, based on the fact that the voter, who ~~A~~has no idea~~@~~who the judicial candidates are, is likely to vote for the names on the sample ballot. Since the primary election winners almost invariably win the general election, the appearance of a candidate name on the primary sample ballot is critically important.

Three Ward Leaders who were members of the A.A.D.W.L. were questioned about their receipt of money from the A.A.D.W.L. for the 1997 primary election.

City Councilman Michael Nutter, the Ward Leader of the 52nd Ward, confirmed that he received an A.A.D.W.L. check from Carol Campbell for 1997 primary election day expenses, along with sample ballots, which did not contain the names of the three subject Public Service PAC judicial candidates, who Councilman Nutter never intended to support. When he became aware of the \$20,000 contribution, and the purpose thereof, he returned what he calculated to be his portion of that contribution, specifically, \$2,000.

Representative Michael J. Horsey, a member of the A.A.D.W.L. and the Ward Leader of the 6th Ward, confirmed that he received a May 20, 1997, \$2,000 A.A.D.W.L. check, to help defray election day expenses in his ward. However, he did not receive sample ballots from Campbell, and neither Campbell nor anyone else from the A.A.D.W.L. suggested candidates that the A.A.D.W.L. wanted him to support.

Representative Rosita Youngblood, who is the Ward Leader for the 13th Ward, received a \$1,000 A.A.D.W.L. check on May 19, 1997, from Campbell, who was the chairman of the A.A.D.W.L.. The purpose of Campbell giving this money to Representative Youngblood was to help out with election day expenses in the 13th Ward. Representative Youngblood had no understanding or agreement with Campbell as to which candidates would appear on the 13th Ward ballot, which Representative Youngblood provided, and which contained the names of the candidates which the committeepeople in her ward voted to support. Campbell did not ask Representative Youngblood to support any specific candidate, and did not provide any sample ballots to her.

Special Agent Fuller testified that during the course of the investigation he obtained AADWL bank records entitled AADWL PAC, c/o Carol A. Campbell, @ with 236 N. 59th St., Philadelphia, which is Campbell's home address, as the account address. Fuller identified thirty-nine expenditure checks from this account with issuance dates between April 25, 1998 and February 27, 1999, which were not signed by Hassell. Those checks contained signatures of Carol Campbell and (State Representative) Michael J. Horsey. There were five additional checks dated from April 21, 1999 through May 14, 1999 which were not signed by Hassell. Those checks contained the signatures of Campbell, and Ann Moss, the name of the Ward Leader of the 16th Ward, and a member of the A.A.D.W.L.

Special Agent Fuller further provided testimony regarding a comparison between the financial transactions indicated in the account records and those reported by the A.A.D.W.L. in the three campaign expense reports, the A.A.D.W.L. filings obtained during the course of the investigation. The account records reflect that between January 13, 1997 and April 30, 1997 there were seven deposits totaling \$7,145, and sixteen expenditures totaling \$8,108. None of those transactions were shown in a campaign expense report. The financial activity in the account for the months of July through December, 1997 similarly do not appear in any of the A.A.D.W.L. campaign expense reports. During those months, there were ten deposits totaling \$15,890 and forty expenditure checks totaling \$19,516.

The annual A.A.D.W.L. campaign expense report for 1998 essentially corresponds to the transactions in the bank account records. However, none of the account expenditures or receipts from January 1, 1999, through June 30, 1999, were reported by the A.A.D.W.L. During that period, there were nineteen transactions, five deposits totaling \$8,610, and fourteen expenditure checks totaling \$6,810. Seven of the deposits, totaling \$950, consisted of contribution checks from judicial candidates and judicial

candidate campaign committees. Fuller further testified that there was nothing filed indicating that Hassell had resigned as treasurer, or that anyone else was appointed as treasurer.

B. THE PHILADELPHIA GROUP

Michael G. Horsey, who has been a C.P.A. for twenty-two years, testified that based upon a request from Carol Campbell, he became the treasurer of The Philadelphia Group, a political committee, in May 1997. The only members of the committee were Horsey and Campbell, who served as chairman. All of the decisions regarding expenditures and receipts were made by Campbell. Horsey was never advised by Campbell of the provisions of the Election Code pertaining to the treasurer, and was unaware of the requirement that expenditures and receipts must be handled through the treasurer. According to Horsey, The Philadelphia Group checking account was established in such a fashion that both Horsey and Campbell had signatory power for checks, and authority to make deposits. However, the address for the account, which appeared on the checks, was 239 N. 59th Street, the home address of Campbell. Therefore, the statements and other materials related to the account were delivered to Campbell's home. (In March, 1999, Horsey had the account address changed to that of his firm, so he could have access to information necessary for completing campaign expense reports, without having to wait to receive the information from Campbell.) Prior to testifying, Horsey provided copies of The Philadelphia Group expenditure checks which were in his possession. During his testimony, Horsey explained, as reflected by the copies of the checks, that he was only involved in making expenditures, by writing checks, in 1997. Between May 9, 1997 and May 19, 1997, Horsey wrote checks at the direction of Campbell, who told him who to make the checks payable to, and in what amounts, but provided no further information as to why the expenditures were being made. On May 19, 1997, the final date on which Horsey wrote checks,

he relinquished The Philadelphia Group checkbook to Campbell, and since that date, he did not write or sign any checks, and had no involvement in any of the expenditures. The expenditures after May 19, 1997 were made by Campbell, as reflected by her signature on the expenditure checks, and were not made through Horsey. Three of those checks involved large expenditures apparently associated with the primary election effort: \$9,500 to Joseph Wallen for Astreet workers@, \$2,000 to Acash@ for Astreet food@, and \$2,000 to Dionna Miller (nothing indicated on the Afor@line, and not listed in any campaign expense report). Those checks, provided by Horsey, on which he identified Campbell's signature, cover a time period from May 20, 1997, through April, 2000, and include expenditures in all of the years during that period.

In discussing contributions made to The Philadelphia Group, and the receipt thereof, Horsey stated that only he and Campbell would be engaged in that activity. Essentially, the only time Horsey was involved in receipts was when he collected contribution checks at fund-raising events. All other contributions were received by, and went through Campbell, who never discussed them with Horsey. A 30-day post primary election campaign expense report, which covered May 4, 1999, through June 7, 1999, was signed by Horsey and notarized on June 17, 1999, and filed on June 21, 1999. This report reflects no receipts, and \$21,100 in expenditures, including a May 14, 1999, \$21,000 loan to ACampbell -99.@ As to the \$21,000 loan, Horsey stated that he had nothing to do with that expenditure, and first became aware of it when he saw it reflected on a bank statement as a wire transfer out of The Philadelphia Group account. When he asked Campbell about it, she informed him that she executed the wire transfer of \$21,000 to the account of the ACampbell -99@political committee, which she said was the committee associated with her candidacy for City Council in 1999.

Special Agent Fuller testified that he reviewed the checks and bank statements related to the account of The Philadelphia Group, which were provided by Horsey. Fuller identified a total of nineteen Philadelphia Group expenditure checks provided by Horsey, as well as an expenditure check dated February 25, 1998, in the amount of \$7,000, payable to the Olivet Baptist Church. In light of Horsey's testimony, and the signatures on the checks, all twenty of these checks, which totaled \$33,705, represented expenditures made by Carol Campbell, who was not The Philadelphia Group treasurer. The \$21,000 wire transfer, on May 14, 1999, is also reflected in the bank records.

Special Agent Fuller further stated that the Department of State, Bureau of Commissions, Elections and Legislation, confirmed that no written resignation was filed by Horsey, and nothing was filed appointing any Philadelphia Group treasurer other than Horsey. In comparing the filed campaign expense reports to the bank account records, Special Agent Fuller noted that, as to 1999, only one of the eleven check expenditures was reported. The other ten were not listed in any report.

3. CAMPBELL -99

Samuel Kuttab stated that Carol Campbell, whom he had known for six years, asked him to be treasurer of A Campbell -99, @a candidate's political committee which was formed sometime during 1998 to support the campaign of Carol Campbell, who was a candidate for an at-large City Council seat in the 1999 election. According to Kuttab, some of the contribution checks to the committee were received and deposited by Campbell. When asked whether Campbell -99 had a bank account, Kuttab stated that there Adefinitely@ was one account, but he was Anot sure@ if there was more than one account. After being informed that the bank records he produced on the day of his testimony indicated that there were two Campbell -99 accounts, Kuttab acknowledged that the address for both accounts was the home address of

Campbell, which meant that all of the statements related to both accounts would be sent to Campbell's home. The statements for those accounts indicate that one was a PNC Bank Business Premium Money Market account opened in November 1998, and the other was a PNC Bank Checking 100 account opened in April 1999. Kuttab also stated that the checkbook was kept at Campbell's house.

During his testimony, Kuttab was shown a Campbell '99 30-day post primary election campaign expense report which covered the period of May 4, 1999 to June 7, 1999, and which was filed on June 18, 1999. Kuttab admitted that this report, which was prepared by Campbell, an accountant and Kuttab, was the only report filed by Campbell '99 up until the date of his testimony, and identified both his and Campbell's signatures on the report, as treasurer and candidate, respectively. The report reflects a beginning cash balance of \$33,695, plus receipts of \$15,336, for a total of \$49,031, with expenditures of \$39,398, resulting in an ending cash balance of \$9,633, and \$21,000 in unpaid debts or obligations. It did not occur to Kuttab, when he signed this report, that the fact that there was a \$33,695 beginning cash balance should have indicated to him that a prior report should have been filed to reflect the source of those funds.

As to a \$21,000 loan, on May 21, 1999, from The Philadelphia Group, Kuttab related that the receipt of that money, via a wire transfer, by Campbell '99 occurred through Campbell, and that, to his knowledge, the loan has not been repaid. Kuttab was not aware of the existence of any loan agreement or other paperwork associated with this loan.

Kuttab identified four additional Campbell '99 campaign expense reports which he brought with him and turned over during his grand jury appearance. According to Kuttab, the preparation of these reports, which were finalized during the week prior to his testimony, was prompted by a visit by Pennsylvania Office

of Attorney General investigators, and the reports were filed on the day he testified. All of these reports contain the signatures of both Kuttab, as treasurer, and Campbell, as candidate. Once again, the reports were prepared by Kuttab, Campbell, and an accountant.

The first of those additional reports was an annual report covering November 11, 1998 to December 31, 1998, which reflected \$20,289 in receipts and no expenditures during that time period. The next report, chronologically, was a 2nd Friday pre-election report, covering January 1, 1999 to May 3, 1999. In that report, the beginning balance is \$20,289, which, along with \$52,650 in receipts, totals \$72,939. Since there are no expenditures, the ending cash balance is also \$72,939. Kuttab acknowledged that he was not aware of the receipts in the amount of \$52,650 when he filed the above-referenced 30-day post-election report, in June, 1999. The third of the additional reports is an amendment report, covering May 4, 1999 to June 7, 1999, the filing of which was necessitated by the original 30-day post election report being, according to Kuttab, incomplete. In reviewing the amendment report, Kuttab acknowledged that it contained a beginning cash balance of \$72,939 (as opposed to \$33,695 in the original), plus \$36,336 in receipts (\$15,336 in original), for a total of \$109,275 (\$49,031 in original); and expenditures of \$41,992 (\$39,398 in original) resulting in an ending cash balance of \$68,283 (\$9,633 in original). Kuttab agreed that the amended receipts included contributions from judicial candidates, and admitted that he knew nothing about the money involved in the receipts differential. He further had no explanation as to why the \$21,000 loan was not repaid, in light of the \$68,283 account balance in existence after Campbell's primary election defeat, which absolutely signaled the effective end of Campbell's election effort. The final additional report which Kuttab brought to the grand jury was an annual report, covering June 8, 1999 to December 31, 1999, which indicated a \$68,114 beginning cash balance, no

receipts, and \$3,637 in expenditures, with a resultant \$64,476 ending cash balance. When asked if Campbell -99 was still an on-going committee, Kuttab stated that **Athere is still money in the account.@** As far as Kuttab knew, there were no reports, in addition to the five discussed during his testimony, filed by Campbell -99.

Special Agent Fuller testified that he obtained and reviewed records related to both of the above-referenced Campbell -99 accounts. A review of those accounts indicated that all contribution checks were deposited into the money market account, which was opened in November, 1998. On April 22, 1999, \$20,000 was transferred from that account to open the checking account, from which all of the campaign expenditures were made. An additional \$50,000 was transferred from the money market account into the checking account on May 17, 1999. On June 17, 1999, \$44,000 was transferred from the checking account into the money market account. As of July 31, 2000, the checking account had a balance of \$418, and the money market account had a balance of \$64,209. Special Agent Fuller confirmed that, at all times, the addresses of both accounts was Campbell's home address, and further confirmed that \$21,000 was wired into the checking account, from The Philadelphia Group, on May 14, 1999. Finally, Special Agent Fuller testified that, according to the filed campaign expense reports, Campbell -99 received twenty contributions, totaling \$10,350 from judicial candidates, and their committees in 1999.

III. CONSULTANTS

1. HENRY ABUDDY@CIANFRANI

As part of the investigation of the activities of consultant Henry Cianfrani relative to his involvement in the judicial elections, the Grand Jury heard from candidates who retained Cianfrani's consulting services, and reviewed the campaign expense reports and bank account records of the candidates and their campaign

committees. Additionally, information, resulting from an investigation into the payees on candidate checks issued to or through Cianfrani, was obtained from the bank account records of Cianfrani and Matthew Cianciulli, who was enlisted by Cianfrani to assist in his services to the candidates, and from the tellers and manager of the bank at which Cianciulli maintained his accounts.

Six judicial candidates availed themselves of the consulting services of Cianfrani in an effort to bolster their chance of success in the 1997 primary election. Three of those candidates, Doris Pechkurow, the Honorable Benjamin Lerner, and the Honorable Teresa Sarmina, were endorsed by the Democratic City Committee. Cianfrani, a Ward Leader, was a member of that committee. Those three candidates made the requisite \$30,000 payment to City Committee. The Honorable Barbara Joseph and the Honorable Joyce Mozenter, both unendorsed Democrats, also retained Cianfrani as a consultant. The final candidate for whom Cianfrani toiled was Alexis Barbieri, a Republican.

Doris Pechkurow, an unsuccessful candidate for the Court of Common Pleas, stated that after retaining Cianfrani, she issued a check, in the amount of \$2,000, payable to Cianfrani and Associates, in payment of his fee. Based upon instructions from Cianfrani, she also provided him with several signed checks with amounts filled in, but with the payee left blank. Cianfrani informed Pechkurow that he would use the checks for Aget out the vote@ expenses, and would then provide her with the names and the addresses of the payees. Thereafter, Cianfrani gave Pechkurow a handwritten list of the names and addresses corresponding to the Ablank payee@check numbers. Pechkurow then utilized that information on her campaign expense report for the expenditures associated with those checks.

The Honorable Joyce Mozenter, who was elected as a Common Pleas Court Judge in 1997, stated that her husband, Robert Mozenter, essentially was in charge of the campaign activities conducted on her

behalf, and that Cianfrani was hired as a consultant for the campaign. Robert Mozenter stated that based upon a request from Cianfrani, he supplied Cianfrani with a large number of checks, in amounts specified by Cianfrani, with the payees left blank. According to Cianfrani, these checks were for people who would assist in the election effort. Information related to the names and addresses of the payees to which Cianfrani ostensibly gave the checks was later provided by Cianfrani, and was used in completing the campaign expense report of Judge Mozenter's campaign committee. Cianfrani's fee was \$2,500. According to Robert Mozenter, the fee was provided to Cianfrani through a campaign committee check payable to Anthony Conti, who was Cianfrani's assistant. When Robert Mozenter was asked why the check wasn't made payable to Cianfrani, Mozenter stated: "You have to ask Buddy (Cianfrani) that." The address which was supplied for Anthony Conti was 543 Wilder Street.

The Honorable Barbara Joseph, who was successful in her 1997 campaign for a seat on the Common Pleas Court, also hired Cianfrani as a consultant and similarly acceded to his request to provide blank payee checks. Cianfrani told Judge Joseph that the checks would be given to various workers and Ward Leaders. Thereafter, Cianfrani provided Judge Joseph with a list of the names and addresses of the check payees. That information was then used to prepare the campaign expense report of Judge Joseph's campaign committee. Cianfrani's fee of \$10,000 was paid through a check to Henry Cianfrani.

The Honorable Benjamin Lerner, who ran unsuccessfully in 1997, after having been previously appointed to the bench, also retained Cianfrani as a consultant. Judge Lerner engaged in the same process as described for the other Cianfrani clients, providing blank payee checks to Cianfrani, and using the names and addresses later provided by Cianfrani in his campaign committee expense report. Cianfrani received \$5,000 for his services, through a check payable to Cianfrani and Associates.

The Honorable Teresa Sarmina, who was a successful 1997 Common Pleas Court candidate, also agreed to provide Cianfrani with blank payee checks. Like the other Cianfrani clients, she used name and address information provided by Cianfrani to list the expenditures related to those checks in her committee's campaign expense reports. However, unlike the other clients, she delivered her blank payee checks, pursuant to Cianfrani's instruction, to Matthew Cianciulli, at his grocery store in South Philadelphia. Sarmina paid Cianfrani \$5,000 for his consulting services by giving him a check in that amount payable to ACC&M Corporation. The check was made payable to that entity at the request of Cianfrani.

Alexis Barbieri, who ran unsuccessfully in 1997 for Common Pleas Court, also utilized the services of Cianfrani, but was not charged any fee for his services. The process utilized by Cianfrani, however, was the same as with the other candidates. Cianfrani demanded and received blank payee checks, which he said would be used to gain the support of various Ward Leaders for Barbieri. She, too, used the payee name and addresses provided by Cianfrani in her campaign committee's expense report.

Testimony from Special Agents established that an investigation was conducted regarding the blank payee checks provided by the candidates to Cianfrani. In total, there were one hundred twenty-one blank payee checks given to Cianfrani. A large percentage of those checks were made payable to ward committees or Ward Leaders. However, an investigation of the names and addresses provided by Cianfrani to the candidates, and consequently used by the candidates in campaign expense reports, revealed that, as to thirty of the payees, the individuals identified by Cianfrani were fictitious. Those thirty individuals, named by Cianfrani as having been the recipients of candidate checks were not in existence at the addresses provided by Cianfrani. Those home addresses included a high school, vacant lots, a dental office, a church, and a hair salon. The total amount of funds contained in those thirty fictitious payee checks was

\$49,500. Investigation further revealed that Anthony Conti, the payee on Cianfrani's \$2,500 fee check from Judge Mozenter, was fictitious, and that the ACC&M Corporation, the payee on the Judge Sarmina \$5,000 fee check, similarly did not exist. The investigation of the remaining ninety-one blank payee checks proved that the payees on those checks were genuine. The genuine payee checks amounted to \$78,750. Thus, the total amount of funds contained in the blank payee Cianfrani checks was \$128,250, and the total amount of fees received by Cianfrani was \$24,500, \$7,500 of which was contained in fictitious payee checks. The following chart demonstrates the breakdown of this activity, by candidate.

97 CIANFRANI CANDIDATES - BLANK CHECK ANALYSIS					
CANDIDATE (PARTY) (Status with Dem. City Comm.)	OUTCOME	FICTITIOUS PAYEES (# of checks) AMOUNT	GENUINE PAYEES (# of checks) AMOUNT	TOTAL OF ALL CHECKS	FEE/FEE CHECK PAYEE
SARMINA (D) (Endorsed)	Elected	None	(10) \$10,000	(10) \$10,000	\$5,000/ACC&M Corp® (Fictitious)
MOZENTER (D) (Not Endorsed)	Elected	(9) \$13,000	(30) \$26,000	(39) \$39,000	\$2,500/Antony Conti® (Fictitious)
JOSEPH (D) (Not Endorsed)	Elected	(4) \$10,000	(19) \$19,000	(23) \$29,000	\$10,000/Henry Cianfrani
LERNER (D) (Endorsed)	Not Elected	(4) \$8,000	(11) \$9,000	(15) \$17,000	\$5,000/Cianfrani and Associates
PECHKUROW (D) (Endorsed)	Not Elected	(7) \$9,000	(12) \$8,000	(19) \$17,000	\$2,000/Cianfrani and Associates
BARBIERI (R) (Not Endorsed)	Not Elected	(6) \$9,500	(9) \$6,750	(15) \$16,250	None
TOTALS		(30) \$49,500	(91) \$78,750	(121) \$128,250	\$24,500 (\$7,500 - Fictitious Payees)

An analysis of the canceled checks described in the above chart demonstrated that all of the fictitious payee checks, including the Cianfrani fee checks, were presented and processed at the same bank branch in South Philadelphia. Account numbers accompanied the fictitious endorsements on nine of fictitious individual payee checks, and on the CC&M Corporation check. Records of those accounts were

subpoened, and reflected that all of the accounts belonged to Matthew Cianciulli, or members of his family. One of the fictitious payee checks was deposited into one of Cianciulli's accounts. The remaining twenty-nine fictitious payee checks were cashed, despite the fact that none of the payees had accounts at that bank, and despite the absence, on most of the checks, of a co-endorsement and an account number. The \$5,000 CC&M Corporation check was cashed against an account of Matthew Cianciulli, with \$1,500 of the proceeds of that check being deposited into the Cianciulli account.

The bank tellers whose stamps appeared on the above checks, as well as the teller supervisor, provided testimony to the Grand Jury. All of those individuals were familiar with Matthew Cianciulli, who was a long-time customer of the bank branch, and who would often cash or deposit third party checks which he obtained while conducting his grocery business. Collectively, the testimony of the tellers and supervisor established that many of the above-referenced fictitious payee checks were cashed in a manner which was contrary to the policy of the bank. That is, checks of non-account holders would generally not be cashed, and the cashing of third party checks required an endorsement by an account holder, along with an identification, under the endorsement, of the account number. Despite examining the checks, the tellers and supervisor were unable to identify who cashed the subject checks. However, it was established that Matthew Cianciulli would often call in advance of sending a driver to the bank with a multi-faceted transaction, involving the cashing of numerous checks, which would be approved by the supervisor, even though such transactions involved components which violated bank policy. This was due to Cianciulli's status as a long-standing customer, and the fact that there was never any problems, such as bounced checks, with any of his transactions.

The examination of the checks of all of the 1997 judicial candidates led to the identification of four additional checks which were payable to fictitious individuals, and were also cashed at the subject bank branch. Those four checks were issued by the campaign committee of the Honorable Shelly Robins New, a successful 1997 Common Pleas Court candidate. Judge New stated that during her campaign, she solicited the assistance of Matthew Cianciulli in her election effort in South Philadelphia, specifically as to the distribution of her ballot. However, Judge New could not recall whether she gave the four checks to Cianciulli, or how she obtained the names and addresses, corresponding to the expenditures made through those checks, which were included in her campaign committee's expense report.

Matthew Cianciulli was called before the Grand Jury and testified pursuant to an order of immunity. Cianciulli, who has been involved in politics for approximately twenty-seven years, and formerly served as a member of the Pennsylvania House of Representatives, has been a friend of Cianfrani for thirty years, and has occasionally worked with Cianfrani as a political consultant. In discussing his banking activities, Cianciulli stated that as part of conducting business at his grocery store, he cashes a large volume of checks for his customers, often as many as one hundred fifty to two hundred fifty per month. He then cashes, or deposits, these "third party" checks at the above-described bank branch, which has never refused to process any of his transactions.

Prior to testifying about his activities involving the 1997 judicial elections, Cianciulli noted that he was "not prescribed narcotics for my medical condition." He then repeatedly related difficulties in remembering the 1997 events which were the focus of his testimony.

When initially asked if he received any checks in 1997 from Cianfrani, Cianciulli responded: ~~AI don't~~ really remember. I may have. I honestly don't remember but I may have. After being shown an exhibit containing all of the above-referenced fictitious payee checks, his memory was only slightly improved.

During the course of Cianciulli's testimony, in bits and pieces consistently punctuated by vagueness born of memory difficulties, the following story emerged. In 1997, Cianfrani approached Cianciulli to do consulting work on behalf of ~~A~~a package of judges being supported by Cianfrani. The consulting work of Cianciulli consisted of enlisting the services of various ~~A~~field workers to print and distribute sample ballots, transport voters to and from the polls, and engage in poll watching. To enable Cianciulli to engage in that process, Cianfrani provided Cianciulli with blank payee checks, to cover the costs of the operation. Cianciulli also took his fee from the proceeds of those checks. In response to an inquiry as to whether he knew the total amount of money contained in those checks, Cianciulli replied: ~~AI~~ honestly don't. I had the feeling that I took a \$10,000 fee, but I don't remember that to be accurate. In other words, I'm under oath, and I don't want to be wrong. I want to say it's \$10,000, but it could have been five (thousand). I don't remember. During a discussion of his fee, in light of the fact that he was not the payee on any of the subject checks, Cianciulli was asked whether Cianfrani knew that Cianciulli was keeping some of the money from the checks as his fee. Cianciulli's response was: ~~AI~~ would assume he did. I don't know. I don't know if it was actually said. I don't remember... well, he (Cianfrani) knows that I don't work for nothing at all.

After the blank payee checks were received, fictitious names were printed or written on the payee line, and endorsements of the fictitious names were forged on the backs of the checks. That handiwork was perpetrated by Cianciulli or ~~A~~anybody that walked in my store. In other words, Cianciulli could not remember whether he wrote out the payee names and endorsements, or whether he asked someone else to

do it. Nonetheless, Cianciulli thereafter cashed the checks, containing the fictitious payees and forged endorsements, and used the funds contained therein in the previously-described fashion. According to Cianciulli, there were multiple reasons for the chicanery: to enable Cianciulli to hide his fee income; the impracticality of having the checks made payable to single individuals when the proceeds were going to be distributed among many individuals in increments as small as \$50; and the inability of the field workers to cash checks. (These reasons were propounded despite the previous testimony regarding Cianciulli's cashing up to two hundred fifty checks per month for his grocery store customers and having no transaction refused at his bank.)

Thereafter, Cianciulli provided Cianfrani with a list containing the names of the fictitious payees, with accompanying fictitious addresses. When asked whether Cianfrani knew that Cianciulli was giving him fake names and addresses, Cianciulli initially said, "No." However, when asked if he was sure about that, Cianciulli responded: "No, I'm not positive. But to the best of my recollection, I don't know if I ever discussed it with him. I really don't." Cianciulli's answer to a question of whether he gave Cianfrani any money in 1997 was: "I don't believe I did. I don't remember. I don't think I did. But I honestly don't remember if I did."

During his testimony, Cianciulli initially claimed that, to the best of his memory, he only received between three and five blank payee checks from Cianfrani. Due to the incongruity of that number of checks with the number of blank payee checks which contained his and his family's account numbers, and the number which were cashed at his bank branch, Cianciulli was asked to examine, individually, all of the blank payee checks, and identify those which he handled in the fashion he described in his testimony. He was unable to definitively identify any of the checks, but gave equivocal answers, such as "might have been,"

Amay be,@Apossibly,@Alooks familiar,@Anot sure,@Acould be,@Amay have been,@and Adon't remember@ as to twenty-one of the blank payee checks.

When shown the \$5,000 fee check to CC&M Corporation from Judge Sarmina's campaign committee, Cianciulli admitted that the Corporation did not exist, and was Afictitious,@and stated: AThat may have been my fee check. That may have been the check I took for my fee.@ It was then pointed out to Cianciulli that bank records demonstrated that this check was cashed, and \$1,500 of the \$5,000 proceeds was deposited into his account. Cianciulli then, once again, expressed uncertainty regarding the amount of money he took as his fee, stating that he may have taken a fee out of the other checks, as well. He further stated that he didn't believe that Cianfrani received any of the proceeds of the CC&M Corporation check. When confronted with the above-related statement of Judge Sarmina, that the subject check was made payable in that fashion based on the instruction of Cianfrani, and represented Cianfrani's fee, Cianciulli said: ABuddy (Cianfrani), as I remember it, and I'm not C and I don't remember verbatim. He may have told Teresa Sarmina that was my fee and may have asked me how do I want that check made out.@ Cianciulli further was unsure about, and didn't remember, whether Judge Sarmina personally delivered the check to his store.

Cianciulli further provided testimony regarding the above-referenced fictitious payee checks from the committee of Judge Shelly Robins New. According to Cianciulli, he worked for Judge Robins New independent of the work he did for Cianfrani's candidates. When shown those four checks, Cianciulli once again gave ambiguous answers as to whether he handled the checks, but stated they were not part of the checks he received from Cianfrani. Cianciulli similarly could not recall whether he provided the fictitious names which appeared on the checks, and the corresponding fictitious addresses which ultimately appeared

in Judge Robins News campaign committee expense report. He also could not remember if he took a fee out of the four checks.

Henry Buddy Cianfrani, testifying pursuant to an order of immunity, stated that he has been involved in politics since the early 1950s. He has been a Ward Leader since 1954, and has been a political consultant since 1984. His consulting business is called Cianfrani and Associates. Prior to the 1997 primary election, Cianfrani was retained by the six above-named Common Pleas Court candidates, who were running in the election to fill seven positions on that bench. None of the candidates, who were charged varying fees, had contracts with Cianfrani, who related that he never had written contracts with anyone, stating: "It was a question of their word and my word. If they didn't trust me, they would be foolish to do business with me." Cianfrani testified that prior to the primary election, he obtained blank payee checks from all six of the candidates he was consulting. He then filled in the payee line with the names of various Ward Leaders, civic groups and their leaders, and other individuals he would solicit to assist in the election efforts of his candidates. He thereafter reported to the candidates the names and addresses of the individuals or groups to whom the checks were given.

During his testimony, Cianfrani was shown two exhibits, the first consisting of the above-referenced fictitious payee checks, and the second consisting of the genuine payee checks. All of the checks in both exhibits had been given to Cianfrani by his six consulting client candidates with the payee left blank. Initially, Cianfrani denied having received the fictitious payee checks, and denied giving Cianciulli any checks with payees left blank, despite acknowledging that Cianciulli had worked with him on behalf of the judicial candidates. Cianfrani then stated: "I don't recall doing that. You are talking about four years ago. You are talking about I had a lot of problems since then, sickness and all." However, after being shown a list of

check numbers, names and addresses, in his handwriting which corresponded to fictitious blank payee checks, and which was supplied by him to a candidate, Cianfrani acknowledged that he ~~A~~apparently gave such checks to Cianciulli, who ~~A~~apparently filled in the payees, and gave the payee names and addresses to Cianfrani, who then gave the information to the judges. Cianciulli used the checks to hire workers.

As to the number of blank payee checks he gave to Cianciulli, Cianfrani stated that he didn't have a specific recollection of how many checks there were, but thought it was ~~A~~a few. However, Cianfrani acknowledged receiving the blank payee checks, and stated that Cianciulli was the only person who he gave checks on which the payee was left blank. Cianfrani further stated that he was not the author of any of the writing on the fictitious payee checks. Cianfrani was shown lists corresponding to blank payee checks which he had prepared and given to three of the candidates. (Neither Cianfrani nor the other three candidates retained similar lists.) Those three lists contained a total of seventeen names and addresses of fictitious payees, all in Cianfrani's handwriting. After seeing these lists, Cianfrani admitted that the information as to those payees would have had to come from Cianciulli. After Cianfrani was informed that the total amount of funds represented by fictitious payee checks (including fee checks) was \$57,000, he stated that he didn't know what happened to that money. When asked about Cianciulli's fee, Cianfrani stated: ~~A~~I don't know what he did. By way of further explanation of this, Cianfrani stated: ~~A~~But I didn't assume he was taking any of that money. I thought he was making contact with various judges saying, look, ~~I~~am pulling your ballot. Cianfrani didn't give me any money. He would get something from them. Cianfrani further noted that Cianciulli's efforts ~~A~~would put him in line for the future to build his own organization. Cianfrani denied receiving any money from Cianciulli.

In discussing the exhibit containing all of the blank payee checks which contained genuine payees, Cianfrani acknowledged executing the payee information on those checks. The majority of those checks were payable to ward committees, Ward Leaders, or substitute names which various Ward Leaders gave Cianfrani. That is, the check was actually given to the Ward Leader, for support in the ward, but was made payable, at the instruction of the Ward Leader, to someone other than the Ward Leader. When asked what prompted the Ward Leaders to request substitute names, Cianfrani initially suggested it was due to a reluctance on the part of Ward Leaders to accept money from unendorsed candidates. After being shown a substitute name check from an endorsed candidate, Cianfrani agreed that it was possible that this practice could be designed to allow the Ward Leader to hide, or keep, the money. Cianfrani further stated that he did not get receipts for any of the expenditures he made through the use of candidates' checks.

In response to a question as to why he requested blank payee checks from the candidates, Cianfrani explained that he essentially pooled the candidate money, which enabled his package of candidates to have the ability to influence a greater number of Ward Leaders. Further, at the time he requested the checks, he didn't know what amount (the Ward Leaders) wanted or who was going to get what, and certain Ward Leaders wouldn't take money from certain candidates they didn't like. According to Cianfrani, that also explained the vast disparity in the amounts of candidate money distributed through him (e.g. \$29,000 for Judge Joseph, \$10,000 for Judge Sarmina).

During his testimony, Cianfrani confirmed that he received fees in the amounts reflected in the above chart. He did not charge Barbieri a fee because she was a relative of my family. On the subject of his fees, Cianfrani stated: Frankly, between you and I, whether you believe it or not, I'm 77 years old. Call it pride or ego. I like politics. I would work for you for nothing if I liked you. The varying fee amounts were

otherwise dependent upon what the candidates could afford. However, Cianfrani disputed previously related accounts as to how two of the fees were paid. Specifically, Cianfrani denied receiving the Anthony Conti check, which Robert Mozenter claimed constituted Cianfrani's fee. Cianfrani also stated that he didn't know Anthony Conti. As to the CC&M Corporation check, which Judge Sarmina asserted she made payable to that corporation at the direction of Cianfrani for the payment of his fee, he claimed that Judge Sarmina was wrong in her assertion, and that he was unfamiliar with that corporation. Although he postulated that it was maybe correct that Judge Sarmina, at his direction, delivered the CC&M check, and a number of blank payee checks to Cianciulli's store, he stated that he did not remember telling her to make a check payable to CC&M. Cianfrani was then given the above-referenced information regarding Cianciulli cashing the check and depositing approximately one-third of it in his account, and asked if that information refreshed his recollection. He stated that it did not.

Cianfrani also was asked about his working for unendorsed candidates during a time when he was a member of City Committee, which received \$30,000 from each of the endorsed candidates. He stated: Basically, (Bob Brady) would expect the 69 Ward Leaders... to support the endorsed ticket. But it doesn't work that way. In the old days under different circumstances, if you got the endorsement, you won. Today, you can win without the endorsement. The only way you can't win is if you are on the Republican ticket in the general election... I think Brady makes an exception with me because of my seniority, and that's my livelihood. I'm probably the only Ward Leader that doesn't have a political job. In explaining why the candidates hire him, rather than dealing directly with the Ward Leaders, Cianfrani related that the sheer number of Ward Leaders is a factor, that he has the longest service as a Democratic Ward Leader, that he knows all of the Ward Leaders, and that he has a reputation for backing winners. He further

noted: "In other words, not to cast any reflection on any Ward Leaders, but sometimes you go to them and they will give you their word and they won't produce. (The candidates) feel like maybe if I deal with (the Ward Leaders), you know, I know who I can trust and who I can't. (The Ward Leaders) are reluctant to go back on their word with me, because I don't go back on my word with them." In judicial elections, Ward Leaders "produce" by having committee people and other workers distribute sample ballots which contain the candidates' names. The best indicator of whether the Ward Leader supported a judicial candidate is the election result, that is, the vote totals, in that particular ward.

In further discussing the primary judicial elections, Cianfrani stated that it is the Ward Leaders who have the biggest impact on the outcome. In his words, "The primary election is the Ward Leaders' election." Generally, it is the Ward Leaders who are responsible for a candidate's success. He further agreed that many of the candidates who are ultimately supported gain favor with the Ward Leaders by doing *pro bono* work for them prior to running. As to whether the Ward Leaders would therefore be in a position to have influence with the judges after they are elected, Cianfrani stated: "I wouldn't go that far. If he is a conscientious judge, he wouldn't do anything that isn't right just because you helped him. First of all, there are 69 guys that helped. You don't have 69 people going to court every day." In explaining "going to court," Cianfrani acknowledged being involved in a dispute, as reported in the media, with a Common Pleas Court Judge, regarding Cianfrani's attempt to intervene in a criminal case, which, according to the media account, Cianfrani described as a "neighborhood squabble." After confirming that he told a reporter that he would "never go to court on a drug case," but would seek to help in a "neighborhood squabble," Cianfrani testified: "Neighborhood squabbles, sure. Why not? There's nothing wrong with that."

Finally, statements from four 1999 judicial candidates indicated that Cianfrani repeated his 1997 practice of obtaining blank payee checks from candidates in 1999. However, an investigation conducted by various Special Agents revealed no fictitious payees in 1999.

2. PETER TRUMAN

Evidence pertaining to activities of consultant Peter Truman was obtained from the 1997 judicial candidates, their financial records and campaign expense reports, and from Peter Truman and his financial records. A review of the evidence established that Peter Truman, serving as a political consultant, through his business, Dan Silo Services, received \$24,600 in consulting fees from judicial candidates in 1997. Financial records further indicated that Truman distributed, through his business, a total of \$74,100 to various Ward Leaders in 1997.

The activities of Truman were described by various 1997 judicial candidates who encountered Truman during the campaign process. Many of the candidates sought to enlist the services of Truman to enhance their chances of success in the primary election. Although Truman was not himself a Ward Leader, he was perceived to be the leader of a group of Ward Leaders known as the Progressive Group, or the Truman Group. It was Truman's access to, and influence over, that group of Ward Leaders which prompted the candidates to solicit Truman's services. Those candidates who were successful in retaining Truman were charged varying amounts, ranging from nothing to \$10,000. One candidate who approached Truman in an effort to retain him as a consultant was informed by Truman that he could not take the candidate on as a full client. However, Truman asked the candidate for a \$1,000 retainer in exchange for which Truman would make exploratory inquiries as to whether he could garner support for the candidate from any of the Ward Leaders in his group. The candidate paid Truman the \$1,000, and was

informed by Truman, approximately one week later, that he could not help the candidate. Another candidate, who paid a \$1,000 consulting fee, was informed by Truman that he was only able to convince some of the Ward Leaders in his group to support the candidate.

Uniformly, the candidates who retained Truman, as well as one candidate who was not a client, made payments, at Truman's direction, to the wards which were in his group. The information regarding both the amount of the checks, and the payee on the checks, was provided to the candidates by Truman. The payees included Ward Leaders, ward committees, and individuals whose names were not familiar to the candidates. Generally, the candidate expenditures were made at meetings with the group Ward Leaders which were arranged by Truman. All of the expenditures were intended by the candidates to further their election efforts by gaining the support of those Ward Leaders, which is primarily exhibited by their distribution of sample ballots containing the candidates' names. Truman further advised candidates to make contributions to Reverend Randall McCaskill and/or the Black Clergy. Statements from 1999 judicial candidates established that Truman engaged in similar activities relative to the 1999 judicial elections.

Peter Truman, who has been very ill and is recovering from a stroke, coma, and complications from a brain aneurism, was cooperative in providing information regarding his role as a consultant to judicial candidates. Truman was cordial and appeared willing to answer questions. However, he often hesitated and had difficulty finding words to express himself, due to his medical condition.

Truman stated he was a political consultant for judicial candidates in 1997 and 1999. Among the candidates he could remember working with were Steve Kaplan (employee of the City Controller's Office who withdrew as a candidate), Steve Laver (also withdrew), Susan Schulman (in 1999), Barbara Joseph, Teresa Sarmina, Benjamin Lerner, Shelly Robbins New, Peter Rogers, Craig Washington, Richard Gordon,

Berle Schiller and Renardo Hicks. In his role as a consultant, he worked with a group of Ward Leaders known as the Progressive Ward Leaders. He was unable to recall all of the names of the Ward Leaders in that group. The purpose of the Progressive Ward Leaders was to support judicial candidates that were not being supported by the party. There was a general feeling that the party wasn't endorsing enough black people or minority people to run, so they banded together to try to correct that. Truman acknowledged that the group supported white candidates as well. (Kaplan, Laver, Joseph, Lerner, Schulman, New, Gordon, Schiller, and Hoy are white, Rogers and Washington are African-American, and Sarmina is Hispanic.)

Truman stated that the candidates were required to provide funds to the wards to help the wards because they are going against the City Committee, so therefore, the City Committee wouldn't give them money for the ballots and such. Therefore, Truman directed the candidates to write checks to the ward leaders and to other groups such as the Black Clergy and Arump groups, which were not part of the City Committee. He also would be given money directly by the candidates and then write checks from his account to the various ward leaders on behalf of the candidates. Truman was shown records indicating that in November, 1997 he received a \$48,000 wire transfer into his checking account, and thereafter wrote numerous checks to Ward Leaders, and two checks, totaling \$21,000, to cash. He could not recall the source of the \$48,000 or what was done with the \$21,000 cash.

In describing his experience in politics, Truman stated that he is a former Ward Leader, State Representative, and Philadelphia Clerk of Courts. By his estimation, the cost incurred by a ward for ballot printing can be as high as \$1,500. The rest of the money given to the wards by candidates is generally used to pay workers to distribute the ballot. When asked if, in his experience, he knew of Ward Leaders

keeping some of the candidate contributions for themselves rather than spending it on ballots and workers, Truman replied, "If you look at the results you have to say 'What did they do?'. Sometimes you wonder." Truman stressed the importance of candidates appearing on ward ballots, "The more ballots you're on, the better your opportunity of winning." Truman also acknowledged that in some cases the wards take money from both unendorsed candidates and from City Committee.

As to the 1997 election, Truman recalled personally handing checks to Senator Anthony Williams (3rd), Al Stewart (11th), and Connie Little (37th). In discussing the payments made to Senator Williams, Truman related that he intended for Senator Williams to use the money to "wine and dine" members of the Black Clergy with whom he was friendly. Essentially, Truman instructed Senator Williams to surreptitiously obtain information from the Black Clergy members as to whether they intended to actually support some of the candidates Truman was representing. Although Truman had been told by the Black Clergy members that the support would be forthcoming, he had doubts as to the sincerity of the Black Clergy members. Therefore, he wanted Senator Williams to obtain "inside information" as to whether the Black Clergy was "jerk[ing] me, or were going to help me." Although Truman wasn't entirely sure about the outcome of Senator Williams' contact with the Black Clergy, his best recollection was that Senator Williams reported to him that the Black Clergy was "going to do something different from what they were telling me."

Truman further stated that he also at times paid Dwayne Stewart, Al Stewart's son, to do political jobs for him. However, he did not recall using Dwayne Stewart in 1997 to support unendorsed candidates and never gave Dwayne more than \$2,000 in the past.

Finally, Truman was asked if there was anything involving the judicial election process that he would like to see changed. He responded: "Well, I guess I'd put my own self out of business, but that's okay."

The doctors tell me I'm not going to be working long anyway, so - I think the whole system is bad. It's really bad because the way the whole system is set up lends itself to my kind of operation. People go to City Committee and they don't get the endorsement and they come back to me. Remember City Committee is getting \$30,000 a piece off these people. So these people figure it's a lot easier to pay me a little \$5,000 to get me going out there to help them. They give me \$5,000 and then they turn around and they give twelve ward leaders \$1,000 a piece and they're way out in front over City Committee's \$30,000. They are saving themselves a bundle of money.@

3. THOMAS GEHRET

The Honorable Thomas Gehret, who was a Ward Leader in 1997, and who was elected as a Municipal Court Judge in the 1999 election, worked as a consultant during the 1997 election for the Honorable Barbara Joseph, a 1997 judicial candidate, in exchange for a \$4,000 fee. According to Judge Gehret, he may have also worked on behalf of other candidates during that election, as a favor to those candidates. Thus, Judge Gehret has the somewhat unique perspective of having viewed the judicial election process from the trifecta of vantage points: Ward Leader, consultant, and successful candidate.

As a consultant to Judge Joseph, Judge Gehret primarily negotiated with Ward Leaders, to gain their support of Judge Joseph by including her on their ward's ballots, and recommended that Judge Joseph hire two other consultants, Peter Truman and Henry Cianfrani, who, essentially, also were involved primarily in obtaining support from Ward Leaders. Judge Gehret negotiated fees, of \$10,000 each, for the services of Cianfrani and Truman. In an attempt to gain the support of the African-American Democratic Ward Leaders, Judge Gehret met with Carol Campbell, the leader of that group. Campbell informed Judge Gehret that there would be a cost for candidates to appear on her group's ballot. The cost cited by

Campbell was either \$20,000 or \$25,000. Judge Gehret informed Campbell that Judge Joseph's campaign did not have that kind of money. No payment was made to Campbell's group, and, to the best of Judge Gehret's knowledge, Judge Joseph was not included on that ballot.

In describing the activities of Truman, Judge Gehret confirmed that Truman advised Judge Gehret or his client, Judge Joseph, the amounts and payees for the expenditure checks given to the Ward Leaders in Truman's group. Truman further advised Judge Joseph's campaign to make a \$2,000 contribution to the Black Clergy. Judge Gehret also related that Truman would keep the campaign informed of any "problems" that developed with Ward Leaders, for instance, if they were upset by something that the candidate said. According to Judge Gehret: "Ward Leaders are very sensitive and it's easy to upset them."

As to the services provided by Cianfrani, Judge Gehret stated: "Again, he was an intro into Ward Leaders, an intro with respect to knowing if problems developed with anybody. And basically one problem a candidate has is giving a check to a Ward Leader and a Ward Leader not performing, okay? If Buddy gave a check to a Ward Leader, they did what they were supposed to do. He was like back-up security." When asked about the basis of Cianfrani's power over the Ward Leaders, Judge Gehret said: "His reputation as somebody, I think somebody would, you know, I can't think of anything bad Buddy has done to anybody, but I know that he had the reputation that he could do it." To Judge Gehret, the purpose of using Cianfrani was: "If he dealt with the Ward Leader, I didn't have to."

According to Judge Gehret, contributions to the wards are necessary to defray the costs incurred by the ward committees. This is due to the fact that the ward committees only receive \$100 per division from City Committee, which doesn't nearly cover the ward's costs in printing a ballot, hiring extra workers, and having a party at the end of election day. Judge Gehret related: "I was a Ward Leader and I know that I

would spend a lot of money out of my own pocket for an election... a Ward Leader is not making money, you're spending money.@ In Judge Gehret's experience, the support of the Ward Leaders is absolutely essential in judicial elections. In describing the importance of the sample ballots which are distributed through the Ward Leaders, Judge Gehret said: "That's how people know who to vote for, simple as that.@ Inclusion of a candidate's name on a ward's sample ballot increases the candidate's vote total in the ward, due to the fact that the judicial candidates are generally unknown. In his view, the most important factor for a judicial candidate is to be included on as many sample ballots as possible.

Judge Gehret further stated that the Ward Leaders receive the City Committee sample ballot which contains the names of the endorsed candidates, and are expected to distribute that ballot "for some portion of the day.@ When asked if the decisions of the Ward Leaders as to which candidates appear on their sample ballots is premised upon which candidates made contributions to the Ward Leaders, Judge Gehret stated: "It's not all money... I'm not going to say they did it for the money.@ Although the Ward Leaders need the contributions to cover their costs, the decisions of the Ward Leaders, and City Committee, are based on the fact that the candidates who are supported are those who have done "favors,@ in the form of free legal services, for the Ward Leaders or City Committee. However, Judge Gehret agreed that Judge Joseph's success was in large part due to her contributing fairly large sums of money to Ward Leaders through Truman and Cianfrani. When asked if that scenario lends itself to a perception that Judge Joseph, an unendorsed candidate, thereby "bought@ the election, Judge Gehret said: "Yeah, I guess. I don't like phrasing it like that. I have no better way to phrase it, either.@ In qualifying that remark, though, he stated that the Ward Leaders "can get the money from any candidate,@ and that many candidates can't get on the

ballots, despite what they are willing to spend, since the decisions of the Ward Leaders are often based upon friendships, and favors, and building goodwill.

Judge Gehret was a Ward Leader, and member of City Committee, when he worked for Judge Joseph, who was not endorsed by City Committee. When asked if that resulted in his getting any flak from City Committee, Judge Gehret said: That's why I hire Buddy, because he doesn't get any flak... A lot of people don't even know that I'm involved because I am in the background. And Buddy is the front man, so they are not going to yell at Buddy.

IV. ELECTION CODE ENFORCEMENT

Pursuant to the Election Code, the repository for all of the reports and other filings, of candidates and political committees, which are required by the Code is the Asupervisor,@which in addition to being charged with the responsibility to receive and maintain documents, is further empowered to monitor compliance with the Election Code and initiate certain enforcement procedures. The respective roles of the state and county supervisors, as to responsibility for various candidates and committees, are prescribed by the Election Code. In Philadelphia County, the supervisor is the Office of the City Commissioners. The Bureau of Commissions, Elections and Legislation (hereinafter: Bureau of C.E.L.), a division of the Pennsylvania Department of State, serves as the supervisor for the state. Testimony was provided by representatives of both of those agencies regarding compliance and enforcement procedures presently utilized by those agencies. Testimony in that vein, more specifically as to the effect of Election Code enforcement on the Philadelphia judicial election process, was elicited from Frederick Voight, the Executive Director of the Committee of Seventy, the organization which filed the complaint which led to this Grand Jury investigation. Voight further provided information regarding the involvement of ward committees and Ward Leaders in the judicial election process in Philadelphia.

Mary Heinlen testified that she has been the Director of Campaign Finance for the Bureau of C.E.L. since 1984, and has been employed by the Bureau since 1977. In describing her role as Director, Heinlen stated that she is the administrator of a program which maintains, and makes available for public inspection, candidate and political committee reports which are required by the Election Code to be filed with the state supervisor. She is also responsible for responding to any inquiries, from candidates, committees and the

public, regarding campaign finance and reporting. According to the Election Code, candidates who file their nominating petitions with the state must file their reports with the state. Also, any of those candidates= committees, or any other political committees whose reports ~~concern~~ those candidates must file their reports with the state. The candidates who file nominating petitions with the state include: candidates for statewide office, such as Governor, Attorney General, Auditor General and State Treasurer; candidates for the Pennsylvania Legislature; candidates for all appellate courts; and candidates for Common Pleas Courts in all of the counties, and candidates for Municipal Court in Philadelphia. Any other candidates= committees, and political committees which concern those candidates, are required to file their reports with the county supervisor. However, political committees whose activities concern both candidates who must file with the state and candidates which must file with a county, are required only to file with the state.

During Heinlen's testimony, it was established that many of the procedures conducted by her office are mandated by two sections of the Election Code, sections 3259 and 3260. In discussing those sections, Heinlen described the following activities that she and her staff perform in compliance with those two sections. Section 3259 is entitled ~~Powers and Duties of the Supervisor,~~ and applies to both the state and the counties. Pursuant to that section, Heinlen's office: provides a bookkeeping and reporting manual, and all of the necessary report forms, to candidates who file nominating petitions, political committees which file registration statements, or anyone else who request them; maintains a computer filing system of all reports, entering all data on the reports into a data base, and posting the reports on a web page to allow Internet accessibility; preserves all reports for a period of five years, making them available for public inspection and copying; compiles and maintains a list of all statements of candidates and committees; makes ~~inquiries and field investigations~~ with respect to alleged failures to file; reports violations to law enforcement authorities;

collects fines related to late filing; informs candidates and committees of failures to file; and publishes lists of candidates or candidates= committees which have failed to file.

In describing the actions taken by her office as to notifying candidates and committees of non-filing and late filing fees, Heinlen stated that a series of three late letters, indicating the amount due for late filing, is sent to candidates and committees. If no response is received after the third letter, the matter is then referred to the financial enforcement unit of the Attorney General's Office. However, a political committee which has never filed a registration statement remains unknown to the Bureau of C.E.L., and obviously would never receive any notification. Thus, a committee such as a ward committee in Philadelphia, which engages in activities concerning Common Pleas Court and Municipal Court judicial candidates, and therefore should file with the state, avoids detection by ignoring the registration requirement. Heinlen noted that the fines for late filing are \$20 per day for the first six dates that the report is late, and \$10 per day thereafter, up to a maximum of \$250. There is a further penalty imposed on successful candidates for state office, in that they can not be sworn in, or receive paychecks, if their reports have not been filed.

As to the inquiries and field investigations, Heinlen testified that her office's involvement in that endeavor is essentially limited to inquiries, and even then, only when a written complaint is received. The inquiry is limited to notifying the complaint subject of the alleged violation, requesting a response from the subject, reviewing the response, and making a determination as to the appropriate action to be taken, which, in some instances, involves referring the alleged violation to the Attorney General's Office or to a district attorney. Heinlen further acknowledged that the reports which are received by her office are not examined for a determination of the propriety of expenditures listed therein.

Section 3260 of the Election Code, entitled "Additional Powers and Duties of the Secretary of the Commonwealth," mandates powers and duties exclusively to the Bureau of C.E.L., above and beyond those described in Section 3259, which applies to both the counties and the state. One of the section 3260 duties involves developing the forms to be utilized in complying with the reporting provisions of the Election Code. During her testimony, Heinlen stated that the report form provided to candidates and political committees, is called a "campaign finance report," and was formerly known as a "campaign expense report." In its present condition, the report form includes a separate section for the listing of receipts and contributions from political committees, but does not contain a separate section for expenditures to political committees. Heinlen also stated that the "receipts and contributions from political committees" section, in the penultimate version of the report form, included a box in which the political committee's I.D. number of the contributing committee had to be indicated, for all receipts from political committees. That box was removed from the present version of the form, due to comments from candidate committees that it was "onerous" and "cumbersome" to have to ascertain the I.D. numbers of committees which made contributions.

Heinlen further testified that, in compliance with another provision of section 3260, her office examines contributions to state legislative and statewide candidates for the purpose of identifying political committees which made contributions and which did not file reports. A list of those non-reporting committees is then published. As it presently exists, that provision of section 3260 does not apply to Common Pleas and Municipal Court candidates, despite the fact that their reports are filed with the state, and does not require an examination of expenditures to committees, for a determination of whether committees which receive candidate contributions are filing reports. Therefore, ward committees which do

not file political committee registration statements, and which receive candidate contributions, once again, would not be discovered through the application of the procedures in section 3260. The political committee registration statement, in its present form, requires the identification of supported candidates, affiliated and connected organizations, the chairperson and treasurer of the committee, and the names and addresses of banks, safe deposit boxes or other financial repositories used by the committee.

During her testimony, Heinlen was presented with factual scenarios of consultants making expenditures, in the fashion described in this report as having been made by Peter Truman and Henry Cianfrani, and was asked if consultants who engaged in such expenditures would be required to file reports. In both instances, Heinlen referred to two sections of the Election Code. Section 3246(G) requires that a person who makes independent expenditures expressly advocating the election or defeat of a clearly identified candidate... other than by contribution to a political committee or candidate... in excess of \$100@ is required to file reports. Section 3241(E) defines an independent expenditure as one which is Amade... without cooperation or consultation with any candidate... or committee authorized by that candidate and which is not made in concert with or at the request or suggestion of any candidate or political committee...@ In light of those Code sections, the expenditure activities of Truman and Cianfrani would not trigger a reporting requirement. After hearing a description of Astreet money,@ which was a compilation of the descriptions contained throughout this report, Heinlen agreed that Aelection day expenses@ was an appropriate Adescription of expenditure@for street money on reports of candidates and political committees.

During her testimony, Heinlen was asked to relate the number of employees in her unit who are involved in undertaking all of the activities described during her testimony. Those activities, in addition to

those mentioned above, include the receipt of 12,000 candidate/candidate committee reports per year, and 12,000 to 15,000 political committee reports per year. According to Heinlen, in addition to herself, her unit consists of two full-time clerical staffers, and one part-time data entry clerk.

Robert Lee testified on behalf of the Philadelphia County Election Code Supervisor, which is known as the Office of City Commissioners (hereinafter: O.C.C.). Lee has been employed by the O.C.C. since 1983, and has served as a Deputy City Commissioner, Election Code Finance Specialist, and Voter Registration Specialist. In Philadelphia County, the O.C.C., in addition to being responsible for the supervision of the Election Code finance and reporting provisions, is also charged with administering voter registration, and conducting all elections.

During his testimony, Lee related the policy followed by the O.C.C., based upon its interpretation of the Election Code, as to which committees are required to file reports with that office. Candidates for Common Pleas and Municipal Court judge, and their candidate committees are required to file their reports with the state, and file copies of their reports with the O.C.C. Political committees which support both candidates who file with the state (such as Common Pleas and Municipal Court judge candidates) and candidates who file with the O.C.C., known as Alocal@candidates, are required to only file with the state. Therefore, ward committees who receive contributions from Municipal Court and Common Pleas Court judicial candidates, even if they receive contributions from local candidates as well, are not required to file reports with the O.C.C. Since Common Pleas and Municipal Court candidates always run in Aodd@year elections, during which there are always local candidate elections, Lee could not recall any elections involving local candidates which did not include judicial candidates. Therefore, ward committees, in his experience, almost always should file with the state, since they generally accept contributions from both local

candidates and Municipal Court and Common Pleas Court judicial candidates. However, Lee has seen situations in which ward committees only receive local candidate contributions, and therefore file with the O.C.C. He also noted that many ward committees voluntarily file copies of their reports with the O.C.C., which doesn't reject any filings. In Lee's view, there is also a prevalence of confusion, on the part of ward committees, as to where they have to file.

In describing the activities of the O.C.C. in compliance with the duties enunciated in section 3259, Lee stated that his office operates in a fashion similar to that described by Mary Heinlen, as far as furnishing manuals and forms, filing and preserving reports, and making reports available for public inspection. However, as to compliance and enforcement, Lee noted that the office primarily functions as custodians. They send letters to candidates and committees advising them of filing deadlines ten days prior to the deadlines, and send non-compliance/late filing fee notice letters to those who do not comply with the deadlines, but do not conduct field investigations. A report which is filed is examined on its face, for such things as missing signatures or pages, but the contents aren't analyzed. In terms of non-filing violations, Lee noted that there is generally good compliance, occasioned by the presence in Philadelphia of two major newspapers. Generally, reporters appear in the O.C.C. on the filing deadline dates, and sometimes even contact non-filing candidates before the O.C.C. does. According to Lee, That kind of activity from the newspapers generally brings about pretty regular filings. That's for county candidates. It doesn't apply to ward committees or political committees that are not obligated to file in Philadelphia. As to reporting violations to law enforcement authorities, Lee stated: As far as county candidates go, we haven't had the need or opportunity. Generally, what happens is that it's reported to the District Attorney either by one of the two newspapers or by a candidate's opponent before we even notice anything's wrong. Thereafter,

the O.C.C. complies with requests from the District Attorney's Office for copies of reports or other documents. Lee stated that he was employed by the O.C.C. during the time an investigation was conducted by the Philadelphia District Attorney's Office in 1984.

A review of media reports of that investigation reveal that it was remarkably similar to the present investigation, even to the point of mentioning Peter Truman funneling money collected from candidates to Ward Leaders. The primary allegation which triggered that investigation involved the non-reporting by ward committees of "street money" contributions received from judicial, mayoral and other candidates. There was also reported additional large expenditures by candidates of "street money" which the candidates designated only as "election day expenses." One of the articles noted: "But the hazy requirements of state law, widespread violations by Ward Leaders and lax enforcement by city election officials make it impossible to say how much of the money actually made it to the street." It was further mentioned in that same article, that then-District Attorney Edward G. Rendell said he was unaware that Ward Leaders had not been filing reports on their finances. Rendell, who described the non-filing as a "serious problem," said he would take immediate steps to deal with the problem. Rendell was then quoted as stating: "There's a term in politics these days called 'Yellow Bird Money', defined as the money the Ward Leader takes and is on the Yellow Bird flight to Florida after the election... I think some of those guys could well be significantly and deliberately breaking the law - could well be, I don't know whether that's true." It was further noted, in other articles, that a Grand Jury had subpoenaed records, and that Rendell had sent a letter to non-filing Ward Leaders notifying them of the reporting requirements, and threatening legal action if there wasn't compliance. Later media accounts indicated that a Deputy City Commissioner discovered an Election Code clause which indicated that the ward committees were required to file with the state, since they

accepted contributions from judicial candidates, who are required to file with the state. That opinion was confirmed by the city's Law Department. A State Election Bureau administrator was interviewed, and stated that there was a mechanism to monitor political committees which contribute to state candidates, but not committees, such as ward organizations, which receive money from state candidates. Therefore, there is currently no way for the state to determine which committees should be filing reports, the administrator noted.

Lee confirmed that sequence of events, and stated that the position of the O.C.C. since that time is that the ward committee reports should be filed with the state. No arrests or prosecutions resulted from the 1984 investigation. In fact, during his entire tenure with the O.C.C., Lee could only recall one investigation of reporting violations which resulted in a prosecution. That case involved a candidate's committee, and was prosecuted by the Office of Attorney General. Lee also related that the present investigation, which followed a series of articles in one of the Philadelphia newspapers, resulted in a flurry of activity on the part of ward committees to file reports.

During his testimony, Lee was asked how many O.C.C. employees are involved in the campaign finance reporting, compliance and enforcement process. He responded that there is one employee who oversees the process. That employee is also the supervisor of the documents unit, which processes all of the voter registration applications, the number of which is between 80,000 and 300,00 per year. The documents unit is also responsible for the maintenance of election returns and political subdivision maps. In addition to that employee, there is only one other employee who assists in the campaign finance process.

Since 1976, Frederick L. Voight has served as the Executive Director of the Committee of Seventy, a not-for-profit, nonpartisan political watchdog agency which was founded in 1904 in Philadelphia in

reaction to Lincoln Steffens= Shame of the Cities, in which Philadelphia was called "A corrupt and content." Prior to joining the Committee of Seventy, Voight served in both the City Solicitor's and District Attorney's Offices in Philadelphia. Initially, Voight stated that the current state of judicial election process in Philadelphia can best be understood from a perspective which takes into consideration the historic evolution of that process, as Voight has observed it. In the early 1970s, the route to a judgeship was through the support of the Democratic "Machine," since it was the Democrats who dominated in terms of voter registration in Philadelphia. According to testimony from a trial, in which Voight was involved, the support of the Democratic machine was gained in a simple fashion. Judicial aspirants went to a Christmas Party at the home of the "Patronage chief" of the Democratic Party. During the party, those who would be judges, one by one, went to the bedroom of the chief and handed him cash payments, \$5,000 for a Municipal Court seat and \$10,000 for a Common Pleas seat. The judicial candidate contributions thereby went to the party, rather than the Ward Leaders. Candidates never solicited nor made contributions to Ward Leaders. That scenario changed in the late '70s/early '80s. It was during those years that a number of independent groups were formed to challenge the party organization. Those groups raised money and dealt directly with the Ward Leaders. The result of that, according to Voight, was that "More money got generated than anyone dreamt of." The independent groups went to the individual Ward Leaders and sought their influence. "The way you get that influence - give money," Voight stated.

In 1983, the stakes were raised, due to the "Unique political dynamic" of Rizzo vs. Goode mayoral race. During that year "About a half-million dollars disappeared," which resulted in the newspaper articles and investigation referenced above. Voight retained a copy of the aforementioned letter that District Attorney Edward G. Rendell sent to Ward Leaders whose committees had not filed campaign expense

reports for the May 1983, primary election. In that August 6, 1984, letter, District Attorney Rendell stated: AFailure to file is punishable by imprisonment of up to two years and a fine up to \$5,000... I want to give you this final opportunity to comply promptly with the law. If you fail to do so... this office will have no alternative but to proceed under the requirements of the Campaign Election Reporting Law and initiate legal action.@

In speaking of the present day situation, Voight stated: AIt has become a big problem because in essence what started out as party control transmogrified into what I call free-market anarchy, meaning (every Ward Leader) is in business for his or her self.@ The ability of Ward Leaders to have such a tremendous influence over the outcome of judicial elections in Philadelphia is due to the fact that the voters have Anot a clue@as to who the judicial candidates are. Both the personal experience of Voight, and studies conducted by the Committee of Seventy, which advocates appointing rather than electing judges, confirm the ignorance of the voters as to the identities of the judicial candidates. However, those studies also establish that the public prefers elections, exhibiting an impression, as Voight puts it, that Awe know what we don't know, but we don't want someone else making those choices for us.@ Since the cost of a television campaign in the Philadelphia market is prohibitive, candidates need a means of accessing the public. That means is found in the Ward Leaders, who are in the unique position of having at their disposal Afoot soldiers,@ committee people who can deliver the candidate's message by recommending votes for the candidate through the use of a sample ballot. The committeepeople hold extraordinary sway with the voters in the division because it is the committeepeople who, year-long, service the voters by helping them Awend their way through the city bureaucracy,@ providing assistance in such mundane matters as trash pick-up.

According to Voight, candidates gain access to the Ward Leaders either directly, or through the party, which is City Committee. Either way, it is an expensive proposition. A Serious@judicial candidates generally need to raise approximately \$100,000, the bulk of which is spent on payments to Ward Leaders (either directly to the Ward Leaders, or, for endorsed candidates, indirectly, through contributions to City Committee) and other influential organizations. In discussing what is necessary to be a Aserious@candidate, Voight noted: A(Candidates) don't necessarily have to have toiled in the vineyard for the party organization, done volunteer work. Cash will do just fine.@ However, the ability to raise the money and spend it in the appropriate fashion doesn't guarantee success. Often times, Ward Leaders Atake the money and run,@ that is, accept candidate contributions, and do nothing in return. According to Voight, the amount of support a candidate receives from a Ward Leader is reflected in that ward's vote totals. In some instances, a review of the totals for candidates who contribute indicates that Ait's very clear that a lot of (the Ward Leaders) are taking money and not producing any result whatsoever.@ Voight also noted that he has seen evidence of Ward Leaders distributing different versions of sample ballots, which contain different Arecommended@ candidates during different times of the day. Since voting patterns clearly establish that most voters go the polls before work (7:00 to 9:00 a.m.) or after work (5:30 to 8:00 p.m.), it is crucial for candidates to appear on the ballots which are distributed during those time frames. Thus, a Ward Leader's inclusion of a candidate on a sample ballot which is distributed during Aoff@ hours will not appreciably benefit the candidate. As an example of this Atake the money and run@behavior, Voight related the story of a judicial candidate who ran four times, stating: AAnd the word was that they couldn't afford to allow her to win because she was too consistent a payday. At one point she actually had mortgaged her house, and her

mother's house. She never won, and it was very sad, but they are like vampires. If they can extract blood, they will.@

Voight further stated that, despite those failures to produce on the part of the Ward Leaders, there still exists an aura of power which is attributed to the party and its member Ward Leaders. That is, in large part, due to the fact that candidates who have been successful attribute their success to the contributions to, and support of, the Ward Leaders. The aura of power is respected even when the successful candidates are on the bench. As an example of that, Voight cited the recent election for President Judge in Philadelphia, a position which is voted upon by the sitting judges. According to Voight, in that election, eighteen judges who face upcoming retention elections voted for the party-recommended candidate because they didn't want to jeopardize their opportunity of gaining party support in their upcoming retention elections. The judges were actively responsive to the wishes of the party because none of them wanted to risk becoming the second candidate, in Philadelphia history, to lose a retention election.@

During a discussion about the amount of candidate contributions received by the wards, Voight stated: **A**It doesn't cost a lot of money to support a candidate, because when you're doing one, you're doing the whole bunch.@ In other words, the costs of printing and distributing ballots are consistent, no matter how many candidates are being supported. The cost of sample ballots or other literature is probably no more than \$500 to \$600. The committeeman, who on the average receives \$150, is going to be out at the polls, regardless of the amount of money he receives, and the ward receives money from City Committee for committeepeople payments. When asked what happens to candidate contributions which appear to exceed the ward's election day activity costs, Voight replied: **A**Well, that depends on the Ward Leader. You know there have been rumored additions to homes, decks, trips to Jamaica. There are all sorts of

stories about what's happened to that money. But what has not happened to that money, it hasn't gone to those committeepeople.

As to Election Code enforcement, Voight initially noted that the Attorney General is more suited to that task, because local officials are too dependent upon Ward Leaders. Voight also stated that the lack of enforcement of the Code lends to widespread failures to report by the ward committees, and that it takes someone "ringing the bell," through means such as the 1984 investigation, and the present investigation, to gain the attention of the Ward Leaders to a degree which prompts them to comply with the reporting requirements. Reporting becomes cyclical, with the cycle of reporting coinciding with the "bell-ringing." The lack of filing is also, in some part, an educational issue, in that some of the Ward Leaders are either unaware of the requirements or lack the necessary "organizational skills" to comply. Despite that, in Voight's view, there needs to be harsher penalties for failures to comply, and a more rigorous pursuit of violators, through the use of some sort of "regulatory mechanisms that routinely kick in, and kick in at a fairly substantial level," something that "everybody knows is going to happen" on a regular basis. Voight further noted that some of the Ward Leaders who do report "are pretty smart about how to report." That is, since checks are written to cash, or candidate's checks are cashed, Ward Leaders can allege, and report, that all of the cash was divided equally among the committeepeople. An investigation which attempts to disprove that would be thwarted by an inability of the committeepeople, long after the fact, to remember how much cash they received for a certain election.

In summary, Voight stated: "As long as we chose to elect judges, money is going to be involved, and the bigger the money, the more perverse it will become. There is no cure for that." In his view, if the voter's decision, due to a lack of knowledge, is predicated upon the recommendation of a

committeeperson, and a candidate's ability to affect the committeeperson is commensurate with more money, then that's what (the candidates) are going to pay." Voight added: "All we can hope is that if the system is transparent enough, I can look at (the records) and make a judgement as to who's getting what, and what kind of influence is being drawn from that."

CONCLUSIONS AND RECOMMENDATIONS

Our investigation was initiated as a result of a complaint which alleged widespread violations of the campaign finance reporting provisions of the Election Code related to judicial elections in Philadelphia. In our view, those reporting provisions are founded upon the rights of the citizenry and are grounded in the concepts of information and accountability. The public has the right to be informed of the identities of the contributors and recipients of all funds which are utilized in the electoral process. The public is similarly entitled to know the amounts and purpose of all such transactions, so that the individuals who engage in, or benefit from, that process, and, of course, the candidates who are thereby elected, can be held accountable, when necessary, for their conduct. Accountability necessitates access to information from which potential influence can be ascertained. We agree with Frederick Voight's assessment that an examination of the reports mandated by the Election Code should enable the public to make a judgement as to who's getting what, and what kind of influence is being drawn from that." Fundamentally, the purpose of the reporting provisions of the Election Code is full disclosure of campaign finance activity. That purpose was soundly thwarted during the 1997 judicial elections, and to a much less significant degree, during the 1999 judicial elections as well. In our opinion, the increased amount of reporting in 1999 was directly related to our

investigation, and is a prime example of the cause and effect relationship between enforcement and reporting, which is addressed below in greater detail.

During the long course of our investigation, we have thoroughly examined what the candidates refer to as the process through which judges are elected. We found that many of the aspects of the process, and the practices utilized therein, which are detailed in this report, are profoundly disturbing. It may be beyond our functional capacity to entirely change that process, or supplant it with one more appropriate for the determination of who should ascend to the judiciary, the branch of government which should serve as the paradigm of independence and impartiality. However, it is our goal, through the recommendations that we make in this report, to improve the process by establishing a framework in which full disclosure of campaign financial activity can be accomplished. That full disclosure, along with consistent enforcement efforts will, hopefully, eliminate some of the disturbing practices we have encountered.

Our general assessment of the process comports with the sentiments expressed by those involved in it: the candidates: "It's impossible," and "If you are looking for the worst way we can get judges, Philadelphia has it," a Ward Leader: "I think in many instances (the candidates) just get completely ripped off and abused. It's a horrible system," and a consultant, in a refreshingly candid comment: "I think the whole system is bad. It's really bad because it lends itself to my kind of operation...." We agree that it is a "horrible" system. No individual who seeks to become a neutral arbiter of society's legal fate should be made to endure such a process. In our view, it is the proliferation of "street money" which makes the process so abhorrent.

Before examining the concept of street money, and the questionable activities it spawns, we must note that it was extremely disheartening to learn that, in 1984, an investigation was conducted of activities

which occurred during the 1983 elections which were identical to those that we encountered, with no apparent effect. Vast amounts of street money disappeared in 1983, and in 1997 the street money continued to vanish. To put it more charitably, in both years, there were large sums of money for which there was no accounting. As to 1997, the lack of accounting was due to both ignorance and disregard of the Election Code reporting provisions. To a somewhat lesser degree, in both 1997 and 1999, the lack of full disclosure regarding street money was occasioned by certain portions of the Election Code which presently permit practices and activities which are intentionally designed to obscure the ultimate destination of campaign funds, or unintentionally bring about that result. We are recommending changes in the Election Code to rectify that.

The judicial elections in Philadelphia are uniquely suited to the generation of street money. Everyone involved in the process agrees that the electorate is ill-informed about the candidates, as evidenced by descriptions of the voters having "not a clue" or "no idea" about who they are voting for. Therefore, the primary judicial election, which is tantamount to the general election, is considered "a Ward Leaders election." The perception persists that the route to the bench goes through the Ward Leaders. The perceived power of the Ward Leaders lies in their capacity to reach the voters through the distribution of sample ballots. The perceived power of the sample ballot is universal, and is reflected in the opinions of Ward Leaders, consultants and candidates alike, that one need only check the vote totals in a ward to determine whether a Ward Leader "supported" a candidate by distributing a sample ballot which contains the candidate's name. Although that whole perception process fosters a cynical image of voters, lemming-like, marching into the voting booth and pulling the levers of the candidates whose names appear on a piece of paper they were handed, the perception becomes a reality, in monetary terms, because the majority of

candidate contributions are directed to that process. Those contributions are ostensibly used for street money, the costs incurred in the ballot production and distribution operation. Those costs have escalated, due to the lack of unity within the party. Renegade Ward Leaders band together in groups. Ward Leaders who are members of those renegade groups defect. Rump groups of committeepeople within a ward split from the ward. Even individual committeepeople run independent operations within one division of a ward. Churches affiliated with the Black Clergy also become involved in the process. All of those groups or individuals produce a ballot and accept contributions. The primary target of the street money contributions, however, is the Ward Leaders.

It is against that backdrop that the practices which stymie the disclosure component of the Election Code occur. Those practices start with the consultants. Candidates hire and pay consultants, primarily to facilitate their appearance on the ballots of Ward Leaders, Ward Leader groups, or other groups, such as the Black Clergy. In 1997 and 1999, candidates provided consultant Henry Cianfrani a large volume of checks with the payee left blank, thus giving him unfettered discretion in expending their funds, and blindly relying upon him to accurately report payee information to them. The evidence has demonstrated that, in 1997, that practice resulted in close to \$50,000 disappearing. As the Election Code is presently constituted, Cianfrani has no reporting duty. That must change. Consultant Peter Truman distributed \$74,100, which he received from various candidates, to Ward Leaders in 1997, through checks from his business, Dan-Silo Services. Thus, candidates' reports which reflect contributions to Truman or his company do not reveal that the Ward Leaders were the ultimate recipients of those contributions. Further, Ward Leaders who do not report those contributions can totally escape detection, since Truman is not

required to file reports. Therefore, Truman's activities in that regard should be the subject of a reporting requirement.

Both the reasons articulated for the hiring of the consultants, and comments made about the activities of the Ward Leaders, provide sad testament to the tawdriness of the entire process. Essentially, candidates hire consultants to broker deals with the Ward Leaders and other ballot-producing groups. Even candidates who paid \$30,000 to the party, which theoretically, should result in the support of all sixty-nine of the Ward Leaders, through the distribution of the party's ballot, felt compelled to hire consultants. As one candidate stated: "What do you get, 10 wards for \$30,000?" Another candidate said: "There are some (Ward Leaders) who will look you in the eye, say I'm going to support you... take your money, and then they don't do it." Ward Leader Roseanne Pauciello's statements involving the \$20,000 contribution to one of Carol Campbell's Ward Leader groups is a stark example of that concept. Cianfrani stated: ".sometimes you go to them and they will give you their word and they won't produce. The candidates feel like maybe if I deal with (the Ward Leaders), you know, I know who I can trust and who I can't." The level of trust engendered by the Ward Leaders is perhaps best exemplified by the fact that one consultant recommended the hiring of two other consultants, one of whom primarily served as insurance against Ward Leaders "taking a check and not performing." The story related by Peter Truman, which involved his paying Senator Williams to discreetly extract "inside information" from Black Clergy members regarding whether their stated intentions could be relied upon, is yet another example of the intrigue and distrust inherent in the process.

The consultants also facilitated one of the primary report-thwarting practices we have seen, the use of "designated payees" by Ward Leaders on contribution checks which are intended by the candidates to

be used as street money by the ward committees in their election efforts. As to that activity, the consultants, who are presently unconstrained by reporting requirements, provided a level of reporting insulation between the Ward Leaders and the candidates. The Ward Leaders offered myriad, yet not very creative, excuses for the designated payees. None of them suffice, and that practice should cease. Street money payments, which are allegedly used by the ward committees, should be made through checks made payable to the ward committees, which should be required to maintain a bank account, which is exclusively used for all committee financial transactions. We have witnessed the use of multiple accounts, including Ward Leaders' personal accounts, in the processing of contribution checks. That, combined with the use of the designated payees, makes the determination of the actual amount of ward committee receipts extremely difficult to detect. We have also seen repeated instances in which checks for thousands of dollars, payable to either cash or individuals, were cashed and the proceeds allegedly distributed as street money to any number of people. In those situations, no one is accountable for verifying those expenditures. In one memorable incident, a committeeperson was quite taken aback when informed that a campaign expense report indicated that she had received \$6,000. In fact, she was yet another example of a designated payee. The changes we recommend as to additional requisite reporting information will bring about accountability for those types of expenditures, and will hopefully result in the end of the designated payee practice.

Many of the ward committee or Ward Leader infractions which occurred in 1997, the most flagrant of which was outright non-reporting, were beyond the reach of the criminal sanctions due to the expiration of the statute of limitations, which we are recommending should be extended. That non-reporting results, of course, in the unaccounted for/missing money referenced above, and does nothing to dispel the anecdotal evidence we have heard, which dates back to the 1984 investigation, of Ward Leaders enriching themselves

with substantial portions of the street money contributions. Of course, all of the contribution money may very well have been absorbed by the amorphous street operations. However, some of the explanations we have heard for how the street money is disbursed, such as the unendorsed candidate@committee in the 11th Ward, seriously beg credibility. In consideration of all of the evidence, we can only conclude that there are serious doubts concerning the ultimate destination of significant amounts of the street money, doubts that can only be removed by full and accurate reporting.

Full disclosure on the part of the ward committees is especially important, in light of the tremendous amount of perceived influence exerted by the Ward Leaders in the outcome of the judicial elections. In a reversal of the more common situation in which those who contribute to candidates are perceived to have influence, the Ward Leaders who receive money from candidates have perceived influence. The evidence has established that candidates generally gain the support of the Ward Leaders through contributing to them, either monetarily, or through the provision of uncompensated legal services. Despite the fact that the Ward Leaders are on the receiving end of those contributions, there is the perception that the influence does not end with the election. One Ward Leader noted that often times, when judges are elected, they forget the Ward Leaders. In order to preserve their impartiality, the judges should forget the Ward Leaders. That concept was apparently lost on Cianfrani, who saw nothing wrong in trying to intervene in a court case involving a neighborhood squabble. Even one of the member ministers of the Black Clergy stated that inquiries were made of candidates whether consideration, in terms of scheduling, would be given to Black Clergy members who appeared in court. According to Voight, whose organization filed the complaint which initiated the investigation, the perceived influence of the party had an effect on the votes of the sitting judges in a recent election for President Judge.

As a result of the consideration of all of the evidence which has been presented to us during the course of the investigation, we have concluded that there is inadequate monitoring of Election Code reporting compliance, and insufficient enforcement efforts expended to encourage such compliance.

We must initially note, though, that we find it anomalous that judicial candidates are required to file their campaign reports with both the state and the county, while political committees whose activities concern those same candidates are required to only file with the state. The ward committees should be required to file their reports in both places, with the county as well as the state, since their activities are contained within the confines of the county, and dual filing affords the opportunity of dual monitoring. We further find that the Election Code, as it presently exists, does not contain any mechanism which would trigger the identification of ward committees, or other political committees such as the Black Clergy, which do not file reports. Political committees initially became known to the county and state supervisors through the filing of a political committee registration statement (P.C.R.S.). Section 3260 of the Election Code, the provision which concerns the monitoring of non-candidate political committee reporting, focuses on committees which contribute to candidates. Thus, committees which do not file a P.C.R.S. and which do not make contributions to candidates escape scrutiny under the monitoring provision, which requires the state supervisor to publish a list of those committees which have contributed to candidates, and have not filed reports. That provision should be changed to include committees which receive contributions from candidates. We further note that the provision imposing a duty to identify and publish a list of non-reporting committees applies only to the state supervisor. The provision, with the aforementioned changes, should apply to county supervisors as well. It is ironic that a state official in 1984, in response to an inquiry regarding ward committees= failure to report, stated: AThere is currently no way... to determine which

committees should be filing reports. Our recommendation will ensure that, finally, there is a way to make that determination. The campaign expense reports, which are designed by the state supervisor, presently include a separate section for receipts and contributions from political committees, but no similar section for expenditures to committees. We are recommending that the report form include a separate section for expenditures to committees, to facilitate the monitoring process.

We further find that both the state and Philadelphia County supervisors are seriously understaffed, and are therefore unable to engage in the type of compliance-monitoring activity which would result in effective enforcement of the Election Code reporting provisions. The Philadelphia County supervisor considers itself merely a custodian of the reports, does not analyze report contents, and conducts no investigations. The state supervisor conducts very limited investigations only when a complaint is received, and does not examine reports for expenditure propriety. We are therefore recommending that both of those supervisors increase their level of staffing, and establish reporting compliance and enforcement units.

In consideration of the evidence we have reviewed, we conclude that the lack of compliance monitoring and enforcement in large part contributes to the widespread reporting violations we have encountered. During the investigation, we witnessed a long-standing and well-entrenched practice of non-reporting, or inaccurate reporting, on the part of some of the ward committees. Ignorance was frequently cited as an excuse. Regardless of the excuse, we have seen that no one has done anything, since 1984, to actively encourage reporting. In our view, timely and effective enforcement provides great incentive for compliance. That was demonstrated by what the representative of the Philadelphia County supervisor described as a flurry of reporting activity which was prompted by our investigation. In fact, many reports

were filed following the commencement of this investigation. A classic example of the enforcement incentive was the treasurer of one of Carol Campbell's committees appearing before us and presenting four reports to us, three of which were long overdue, and the last of which was an amendment report, which exhibited that the original report which had been filed, grossly under-reported receipts and expenditures. That treasurer also serves as an example of the inadequacy of the penalties in the Election Code. Presently, late filing is penalized only by a maximum fine of \$250 per report. There is no criminal penalty for late filing. We are therefore recommending that the fines be increased, and that criminal sanctions be applied to certain late filing situations. Further, all criminal violations of the Election Code are presently graded as misdemeanors. We are recommending that repeat offenses should be graded as felonies. It is hoped that the increased penalties which we are recommending will serve to increase the incentive for compliance. Finally, we conclude that there must be persistent and consistent law enforcement involvement in the area of Election Code finance and reporting. We agree with the assessment of Voight, who has long monitored election activity in Philadelphia that there must be someone *ringing the bell* to encourage Election Code compliance. Voight cited the 1984 investigation, as well as the present investigation, as examples of bell-ringing which results in compliance. It is our hope that the arrests we have recommended through the presentments we have issued will ring the bell loudly and clearly. In order to ensure that there is a consistent law enforcement effort in Election Code compliance, we are recommending the establishment of an Election Code monitoring and enforcement unit within the Office of Attorney General. We concur with Voight's opinion that it is that office which is best suited for the task.

Therefore, in order to effectuate the changes we have discussed, we make the following specific recommendations:

1. That Election Code section 3251, which dictates the place at which reports are to be filed, be amended to require that reports of political committees, which concern both candidates who file for nomination with the state and candidates who file with a county, be filed with both the state and the county.

2. That Election Code section 3246 (c), which pertains to expenditure vouchers, be amended to include a provision requiring that treasurers of political committees obtain and retain vouchers, for all expenditures of \$250 or more, which include the name, address, and social security number or tax identification number of the expenditure recipient.

3. That Election Code section 3246 (b)(4), which details the requisite information for expenditures on reports, be amended to include a provision requiring that, for all expenditures of \$250 or more, the treasurers of political committees obtain and retain the social security number or tax identification number of the expenditure recipient and file all necessary tax or income documents with the appropriate taxing authorities.

4. That Election Code section 3246 (b)(4) be further amended to include a requirement that all expenditures by political committees or candidates to political committees be identified as such, and include the name, address, and identification number of the committee.

5. That the campaign expense report which is designed by the Secretary of the Commonwealth include a separate schedule for expenditures to political committees.

6. That Election Code section 3260, which prescribes Aadditional@ powers and duties of the state supervisor, be amended to require the state supervisor to identify and publish a list of political committees which have either received or made contributions and have not filed reports.

7. That Election Code section 3259, which prescribes the powers and duties of both the

state and county supervisors, be amended to require the county supervisors to engage in the activities described in Recommendation 6, above.

8. That Election Code section 3246 (g), which concerns persons who must file reports, be amended to include a provision requiring that all consultants who make expenditures on behalf of candidates, other than to media outlets, be subjected to the reporting requirements of the Election Code.

9. That Election Code section 3244, which governs political committee registration, be amended to: a) require political committees to establish a single bank account which is exclusively utilized for all committee financial transactions; b) prohibit the commingling of political committee and personal funds; c) require that the bank account number be identified on the political committee registration statement; d) require that the account address be the home address of the political committee's treasurer; and e) require that an informational packet be sent to the home address of the new treasurer when a political committee replaces its treasurer.

10. That the Election Code be amended to require that all political committee expenditures in excess of fifty dollars (\$50) be made by check from the committee's single bank account referenced in recommendation number 9 above, and that a section be added making it unlawful for any candidate or political committee to make an expenditure of United States currency which exceeds fifty dollars (\$50).

11. That Election Code section 3252, which concerns late filing fees, be amended: to increase the daily fines to \$100, and the maximum fines to \$1,000; and to provide that the amounts of the fines for repeat offenses, that is, the late filing of subsequent reports, be increased by a multiple of the number of offenses (e.g. \$2,000 for second offense, \$3,000 for third offense).

12. That a section be added to Article XVIII of the Election Code which establishes that failure to file reports within sixty days of the report due date is a misdemeanor of the third degree.

13. That the penalty provisions related to political committee receipts and expenditures, and the reporting thereof, specifically, sections 3540, 3541 and 3545, be amended to establish that second and subsequent offenses are felonies of the third degree.

14. That section 5552 of Title 42 be amended to establish a three year statute of limitations for Election Code offenses.

15. That the General Assembly provide funding for the establishment of an Election Code enforcement unit in the Office of Attorney General.

16. That the supervisor for both the state and Philadelphia County increase their staffs, and establish Election Code compliance and enforcement units, to allow them to more diligently fulfill the enforcement mandates of sections 3259 and 3260 of the Election Code.

17. That judges for all courts be selected through a merit-based appointment system.