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COUNCIL OF THE CITY OF PHILADELPHIA

PUBLIC HEARING

BEFORE THE COUNCIL COMMITTEE ON RULES

- - -
Room 400, City Hall
Philadelphia, Pennsylvania
Monday, January 14, 2002
11 o'clock a.m.
- - -

BILL NO. 010743 - Amending Chapter 20-600 of the
Philadelphia Code, entitled "Standards of Conduct and
Ethics," by adding anti-nepotism provisions
prohibiting City officers and employees from taking or
recommending certain personnel actions affecting
family members; all under certain terms and
conditions,

PRESENT: COUNCIL PRESIDENT VERNA, Chair
COUNCILMAN JAMES F. KENNEY, Vice Chair
COUNCILMAN DARRELL L. CLARKE
COUNCILMAN DAVID COHEN
COUNCILMAN MICHAEL A. NUTTER
COUNCILMAN BRIAN J. O'NEILL
COUNCILMAN ANGEL L. ORTIZ

- - -
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2 COUNCILMAN KENNEY: Good morning, ladies
3 and gentlemen. Thank you for your patience.

4 The Council Committee on Rules is now in
5 session with a quorum consisting of Council
6 President Verna, Councilmember Cohen, Councilmember
7 Nutter, and myself -- and Councilmember O'Neill,
8 sorry -- and Councilmember Kenny chairing the
9 committee.

10 We're here today to hear testimony on Bill
11 No. 010743, which is an ordinance amending Chapter
12 20-600 of the Philadelphia Code, entitled "Standards
13 of Conduct and Ethics," by adding anti-nepotism
14 provisions prohibiting City officers and employees
15 from taking or recommending certain personnel
16 actions affecting family members; all under certain
17 terms and conditions.

18 Please let the record show that
19 Councilmember Ortiz is also in attendance.

20 Our first witness scheduled for today is
21 Donna Mouzayck, who is the First Deputy Solicitor
22 for the Law Department. Please come forward.

23 (Witnesses come forward.)

24 COUNCILMAN KENNEY: The Chair recognizes
25 Councilman Nutter.

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2 COUNCILMAN NUTTER: Thank you,
3 Mr. Chairman.

4 Before Ms. Mouzayck and Mr. Meyer start
5 their testimony, the first deputy's testimony, I
6 think it is clear that the City Solicitor could not
7 be here today because of another personal matter. I
8 did talk to the solicitor and I understand the
9 nature of his inability to be here today, and as the
10 sponsor of the bill, I have absolutely no problem
11 with that. I wish him well, and so I know that if
12 not for that, he wanted to be here, and I'm very
13 comfortable with what he shared with me.

14 Thank you.

15 COUNCILMAN KENNEY: Please identify
16 yourself for the record and proceed.

17 Before do you that, Councilmember Clarke
18 is also in attendance.

19 Please identify yourself for the record
20 and proceed.

21 MS. MOUZAYCK: Yes.

22 COUNCILMAN KENNEY: Good morning.

23 MS. MOUZAYCK: Good morning. My name is
24 Donna Mouzayck, and I am the First Deputy Solicitor
25 for the Law Department. I'd also like to introduce

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2 the person to my right, who is Evan Meyer, who is a
3 senior attorney in our office, who was also asked to
4 be present for testimony as of this morning from a
5 request by Councilman Nutter.

6 We have reviewed Bill No. 010743, which
7 amends the Philadelphia Code by amending Chapter
8 20-600. This is commonly known as "the Ethics
9 Code." The bill adds provisions regarding nepotism
10 to the conflict-of-interest section and to the
11 accompanying public disclosure and disqualification
12 section.

13 Specifically, the proposed bill prohibits
14 City officers and employees from taking or
15 recommending certain personnel actions affecting
16 family members; further, the bill adds definitions
17 of key terms used in the amendments.

18 We have reviewed this bill for the
19 purposes of determining the legality and for the
20 existence of any drafting or format that might be
21 confusing, not in conformance with the scheme of the
22 code, or contradictory with other provisions in the
23 bill or elsewhere in the code. It is our conclusion
24 and our advice to City Council that the bill is
25 legal and in proper form.

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2 If there are any further questions, I'd be
3 happy to answer.

4 COUNCILMAN KENNEY: Thank you very much.

5 Does the gentleman have any testimony to
6 offer?

7 MR. MEYER: No. I'm here to answer
8 questions.

9 COUNCILMAN KENNEY: Thank you very much.

10 The Chair recognizes Councilmember Nutter

11 COUNCILMAN NUTTER: Thank you,
12 Mr. Chairman.

13 Just a couple quick -- a few questions.

14 First, Ms. Mouzayck, thank you for your
15 testimony.

16 Is it the view from the Law Department
17 that this particular bill and its provisions would
18 strengthen the current Philadelphia Code provisions
19 and make crystal-clear as to what the prohibitions
20 are under the various circumstances? And I ask that
21 question in the context of the opinion from the -- a
22 court opinion from 1989 with regard to whether or
23 not the Philadelphia Code statute was, in fact,
24 crystal-clear.

25 MS. MOUZAYCK: I don't think we have an

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2 opinion as to whether or not it would strengthen it,
3 but we do have an opinion as to whether it would
4 make it more clear. The language is definitely more
5 clear than the challenge that you were referring to
6 in 1989. There were no specific provisions
7 prohibiting nepotism, and this one clearly adds that
8 language and makes it very clear that City employees
9 are prevented from either taking personnel action or
10 recommending personnel actions as it applies to
11 family members.

12 The code prior to that was silent, and in
13 fact, there was one court opinion which had pointed
14 out that the code was silent, and now the code is --
15 if this proposed bill was passed, it would not be
16 silent as to those language deficiencies.

17 COUNCILMAN NUTTER: Okay. Is it also your
18 understanding, if you've had a chance to read
19 through it, that the relative or the close family
20 member, though, would still be able, under certain
21 circumstances, would still be able to work in the
22 government or various agencies, but the City officer
23 or employee would be prohibited from taking any
24 particular action in that regard; is that correct?

25 MS. MOUZAYCK: Yes. The City employee

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2 would be required to abstain, and under the
3 disqualification provisions, it requires them to
4 identify the interest and then to disqualify
5 themselves from making the decision.

6 COUNCILMAN COHEN: I'm having great
7 difficult hearing.

8 COUNCILMAN NUTTER: Do you want me to
9 re-ask the question?

10 COUNCILMAN COHEN: Yes, please. I heard
11 the question but I didn't hear the answer.

12 COUNCILMAN NUTTER: Okay.

13 MS. MOUZAYCK: I'm sorry, were you going
14 to --

15 COUNCILMAN KENNEY: Would you just repeat
16 the answer to the last question.

17 COUNCILMAN NUTTER: Do you want me to
18 repeat the question?

19 MS. MOUZAYCK: Yes, please. Thank you.

20 COUNCILMAN NUTTER: That's okay.

21 The question revolved around while it's
22 clear that the proposed provisions would prohibit
23 the City officer or employee from either making the
24 hire or recommending the hire of the close relative,
25 I wanted to ask if, in the alternative, the close

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2 relative or the family member would still be able to
3 work for the City or for the government or for some
4 agency as long as the City officer or employee
5 relative did not take any particular action or did
6 not make the recommendation; is that correct?

7 MS. MOUZAYCK: That's correct. The
8 employee would be required under the public
9 disclosure and disqualification section to basically
10 abstain from that decision.

11 COUNCILMAN NUTTER: So the relative would
12 still be able -- as long as they got basically --

13 MS. MOUZAYCK: Yes.

14 COUNCILMAN NUTTER: -- interview tests --
15 well, this doesn't cover civil service, but whatever
16 the application process is, family members a or
17 relative would be able to work in the government;
18 you just couldn't have the City officer or employee
19 (relative) participate in any of the decision-making
20 or make a recommendation.

21 MS. MOUZAYCK: Right. And that would
22 include not taking any action or recommending any
23 action, either of those two under this bill.

24 COUNCILMAN NUTTER: Okay, thank you.

25 COUNCILMAN KENNEY: Thank you.

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2 During the course of your research for
3 this bill, have you had the opportunity and are you
4 familiar with the State Ethics Act?

5 MS. MOUZAYCK: I am somewhat familiar with
6 the State Ethics Act, and I can say that Evan Meyer
7 is very familiar with the State Ethics Act.

8 COUNCILMAN KENNEY: Could you tell me then
9 whether or not the issue contemplated that we're
10 dealing with here relative to an elected official
11 recommending or appointing a relative, a close
12 family relative, would be or would not be in
13 violation of the State Ethics Act?

14 MS. MOUZAYCK: I can say that there is a
15 State Ethics Act provision, I think, that would
16 warrant discussion. I don't think there's any
17 specific language banning what we would consider
18 nepotism. The language specifically prevents a
19 public official from using the authority of his
20 office for the private pecuniary benefit of himself
21 or a member of his immediate family. So it would
22 require some interpretation as to whether or not
23 that would apply to an employment situation.

24 COUNCILMAN KENNEY: But in general terms,
25 if the appointment or decision enriched the

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2 individual through a salary, that would be a
3 pecuniary interest of either that family unit or
4 that extended family member.

5 MS. MOUZAYCK: Yes. I think the State
6 Ethics Act also requires that it be significant --
7 rather, the language says if it's insignificant, you
8 wouldn't have to count that, so --

9 COUNCILMAN KENNEY: I'm sorry, a
10 significant or insignificant level of --

11 MS. MOUZAYCK: In other words, if it was
12 de minimis in enrichment, I think that you wouldn't
13 have to consider that.

14 COUNCILMAN KENNEY: Well, hypothetically,
15 if I wanted to appoint my brother to a
16 \$50,000-a-year job on my staff, would that be in
17 violation of the State Ethics Act?

18 MS. MOUZAYCK: I think I would need more
19 facts than that to come to a conclusion as to
20 whether it was an actual violation.

21 I could say generally, however, that the
22 State Ethics Act would have to be considered because
23 you would be using your authority of your office for
24 the purpose of a pecuniary benefit, whether or not
25 you had directly lobbied for that, whether or not

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2 you abstained when that employment action came up, I
3 think, would be the relevant inquiry.

4 COUNCILMAN KENNEY: Well, in my particular
5 case, the hypothetical I've given you, I'm the sole
6 appointing officer or sole appointing authority for
7 my staff so, therefore, I would suspect that if I
8 had taken that action, I would be close to being in
9 violation, if not in violation, of the State Ethics
10 Act. Is that a fair statement?

11 MS. MOUZAYCK: If you were the person who
12 made that decision, then I think that you would have
13 a problem. From the limited information that you
14 gave me, it sounds like you would have that
15 authority, and if it was the sole authority, it
16 would be a problem.

17 COUNCILMAN KENNEY: Thank you.

18 Councilmember Cohen or -- David?
19 Councilmember Cohen.

20 COUNCILMAN COHEN: Tell me, in the -- I've
21 seen different newspaper references to the Supreme
22 Court case in which I was one of the parties, and
23 the case has -- brings different reminders to
24 people. During the court argument, the Supreme
25 Court justice asked with respect to the three people

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2 that were involved in the case, asked whether any of
3 them did anything other than satisfactory work. The
4 answer was no, each of them did excellent work. The
5 court then wanted to know, Well, then why is there a
6 case, what is the complaint?

7 I raise that issue because I think that's
8 what's involved. Anybody else in the City of
9 Philadelphia other than members of my family can
10 come to me for a recommendation for appointment to
11 some position in City government, and there's
12 certain jobs for which Councilmembers are permitted
13 to make suggestions, as anyone else could make
14 suggestions or offer recommendation. The one I
15 can't do it for, if this bill became law, would be a
16 child of mine.

17 So I want to know why it is that a child
18 of a public official should be prevented from having
19 the same rights to go to an elected public official
20 in seeking support, because I happen to believe that
21 the family tradition in public service is an
22 excellent tradition. I don't think it's something
23 to be ashamed of. I think it's something to be
24 boasted about.

25 I think that people who work for

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2 public-service organizations like municipalities or
3 states or federal governments have a special duty to
4 do outstanding work. And in the City Council,
5 that's been our experience, that people who have
6 come in related to other public officials have done
7 outstanding work.

8 So I don't see at all the need for this
9 kind of action, I don't know the menace that exists
10 in the City government which calls out for
11 clarification or for cleansing, because I think our
12 City employees, however they get to the job,
13 overwhelmingly do an outstanding job.

14 It seems to me a wrong bill because it
15 punishes people, it makes public service seem
16 something less than desirable, it tends to limit
17 public service to one member of a family, when I
18 think it would be much better if we created the
19 concept of public service, that it's a great
20 tradition to have. I think it would be wonderful if
21 more people in families pursued public service
22 rather than pursued merely profit-making.

23 And, therefore, I don't see this bill as
24 meeting any problem that exists in the City of
25 Philadelphia. We have problems with campaign

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2 financing; yet this body has been unable or
3 unwilling to do anything about that. But it seems
4 to me that we're dealing with a non-existent problem
5 that does not need correction.

6 And I submit as Exhibit A the fact that in
7 my judgment, and in the judgment of many other
8 people, when my wife worked as my chief aide in City
9 Council, she was regarded as an extraordinary public
10 servant, and many, many people throughout the City
11 supported her, and if they didn't, they had the
12 option: They could have defeated me in my campaign
13 for reelection. I made a decision that by the
14 employment of my wife in that particular office,
15 limited as it is to service, my office would be able
16 to offer to people would be far, far greater, and
17 the good would be far greater than any negative
18 comment.

19 And it seems to me that we're dealing with
20 a non-existent problem, and we have many important
21 problems to solve.

22 COUNCILMAN NUTTER: Ms. Mouzayck, let me
23 take you off the hook because I'm sure you'll
24 probably have no real ability to respond to my
25 colleague.

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2 Councilman, let me say for myself first
3 and foremost that with regard to -- as you've raised
4 at a previous action by yourself involving Florence
5 Cohen, who I have the greatest admiration for, I
6 don't think you have anything to feel bad about or
7 to have to justify. Florence Cohen was a great
8 public servant and I know continues to be a very
9 strong support and advisor for you.

10 But let me go further, though, and say
11 that in the larger context, whether -- because you
12 raised it, whether it was a family member of your
13 present or any other member of City Council present
14 or past who has had a family member serving with
15 this body, I make no comment with regard to the
16 previous service of any of those individuals other
17 than to compliment them all.

18 Now, this is not a commentary about the
19 past or past actions. It is, though, about future
20 and looking forward. The fact of the matter is that
21 this situation does not exist here in City Council
22 at the moment, which, quite honestly, I thought
23 would make it easier for people to deal with this
24 particular issue.

25 I don't think that family members, as the

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2 question was asked earlier and I think answered very
3 appropriately, I don't think that family members
4 would be prohibited from pursuing whatever their
5 choice was in public service. Public service is a
6 great area. I'm not at the moment necessarily sure
7 that I'll recommend it for Olivia, but if that's her
8 choice, that's fine.

9 You know, as well as do I, that with these
10 positions come certain privileges and also certain
11 restrictions. There are many things that public
12 officials and at times our families cannot do,
13 whether legally or in the court of public opinion,
14 because of the various positions that we hold.

15 So it is not, quite honestly, a bill in
16 search of a problem. And as the great legislator
17 that you are, sometimes when there's nothing going
18 on often is the time to try to take action on
19 something, not just waiting to be reactive. You've
20 been very strong in that particular area as a
21 legislator.

22 So, no, I don't think that there is some
23 calamity or tragedy that's going on presently in the
24 public sector. This is an issue that has been
25 looked at in the past. I think the testimony here

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2 this morning makes fairly clear that not only our
3 Philadelphia Code but also the State Ethics Act is
4 not particularly clear for any of us in this
5 particular regard, and if there is an ability to
6 create clarity and put this issue to rest once and
7 for all, that was my only intention. It is in no
8 way, shape, or form any comment at all and certainly
9 not a comment in the negative about anyone's choice
10 and who is in their office at any point in time.

11 Everyone in this City Council and our
12 staffs I know work very, very hard. That, again,
13 quite honestly, is not the issue or who the
14 individuals are or what their qualifications are.

15 So I wanted to get that on the record.
16 You and I have been have had that conversation
17 privately, but I think it important that the record
18 be clear about what this bill is about and what it's
19 not about.

20 Thank you, Councilman.

21 COUNCILMAN KENNEY: Any other questions
22 for these witnesses?

23 COUNCILMAN NUTTER: Just one for
24 Mr. Meyer.

25 Mr. Meyer, while you're here, could you

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2 just provide us with some background information.

3 The City has a City Board of Ethics; is that

4 correct?

5 MR. MEYER: Yes.

6 COUNCILMAN NUTTER: You might need to

7 identify yourself for the record.

8 MR. MEYER: My name is Evan Meyer and I'm

9 a senior attorney in the Law Department and I'm also

10 counsel to the Ethics Board.

11 COUNCILMAN NUTTER: Okay. And when was

12 the Ethics Board created?

13 MR. MEYER: The Ethics Board was created

14 approximately in December of 1962.

15 COUNCILMAN NUTTER: And how was it

16 created?

17 MR. MEYER: The records aren't real clear

18 on that. I asked the Department of Records a number

19 of years back if they could provide me with a

20 mayor's executive order or other document that

21 created the Board of Ethics, and they sent me a

22 stack of stuff from their archives, which included

23 some press releases from the City representative's

24 office and some newspaper articles.

25 Those articles and press releases indicate

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2 that Mayor Dilworth first and Mayor Tate after him
3 appointed separate citizens committees to advise the
4 mayor on ethics and without a formal executive order
5 being issued, so far as we're able to determine.

6 COUNCILMAN NUTTER: So the Ethics Board
7 was not created by either a statute in the City
8 Charter or by an ordinance of City Council amending
9 the Philadelphia Code?

10 MR. MEYER: No, it was not. Chapter
11 20-600 of the Philadelphia Code, the Ethics Code,
12 when it was passed in 1963, recognized the previous
13 existence of the Ethics Board, but did not in my
14 view create it.

15 COUNCILMAN NUTTER: Okay. And that
16 particular section, Chapter 20-600, has been
17 amended, the Code seems to indicate, in 1974, 1982,
18 1983, and 1984; is that fairly accurate?

19 MR. MEYER: I believe so, Councilman, yes.

20 COUNCILMAN NUTTER: Okay. And does our
21 particular code provision specifically mention --
22 Mr. Meyer, can you give us a general gist of what
23 some of those amendments were?

24 MR. MEYER: I really can't. I have the
25 code with me, which is footnoted as to which

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2 provisions were amended in what years, but I would
3 have to research it to tell you what the specific
4 amendments were.

5 COUNCILMAN NUTTER: Right, okay. And how
6 often does the Ethics Board meet?

7 MR. MEYER: The Ethics Board meets when
8 they have business, which is generally when there
9 are requests to the Ethics Boards for an opinion.

10 COUNCILMAN NUTTER: Does it meet on an
11 active and regular basis?

12 MR. MEYER: The board had not met for a
13 number of years. Mayor Street recently appointed a
14 whole new board, which held an initial meeting in
15 December.

16 COUNCILMAN NUTTER: Okay. And, I'm sorry,
17 maybe I didn't hear you. I think I asked a question
18 with regard to current code provisions. Is there
19 any specific mention of either employment or
20 appointment made by various officials? Is there any
21 specific reference made to employment?

22 MR. MEYER: In terms of nepotism?

23 COUNCILMAN NUTTER: Yes. In terms of
24 hiring relatives, is there any specific reference in
25 any of the prohibitions regarding specifically the

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2 terminology "employment"?

3 MR. MEYER: I have to take a minute and
4 look.

5 (Mr. Meyers looks through documents and
6 confers with colleague off the record.)

7 MR. MEYER: Councilman, I don't believe
8 there's anything in the City Ethics Code that refers
9 to employment. There may be provisions in the
10 Charter that refer to City officials having
11 influence in civil-service matters.

12 COUNCILMAN NUTTER: Okay. Just a couple
13 last questions.

14 We recently did a survey of the 10 largest
15 cities by population in the country. And with the
16 exception of Phoenix, for which we have no
17 information, are you aware that only Philadelphia
18 and Detroit are the only cities of the 10 top cities
19 in the country that do not have specific
20 prohibitions with regard to government officials and
21 the hiring of relatives?

22 MR. MEYER: I have not done any research
23 comparing what other cities do, Councilman.

24 COUNCILMAN NUTTER: Okay. Is there any
25 mandatory requirement for either ethics training or

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2 education in the City?

3 MR. MEYER: Other than the requirement in
4 the Code that a copy of the Code itself be provided
5 to each employee I am not aware of any other
6 provision that requires training.

7 COUNCILMAN NUTTER: Okay, thank you very
8 much.

9 COUNCILMAN KENNEY: Any other questions
10 for these witnesses?

11 (No further questions.)

12 COUNCILMAN KENNEY: Okay, thank you.

13 The next witness is Mr. Fred Voigt.

14 (Witness comes forward.)

15 COUNCILMAN KENNEY: Good morning. Please
16 identify yourself for the record.

17 MR. VOIGT: Good morning. I'm Fred Voigt,
18 Executive Director for the Committee of 70.

19 COUNCILMAN KENNEY: Please proceed.

20 MR. VOIGT: The testimony that I've
21 presented to you is identical to the testimony I
22 presented to a similar committee back in 1993.
23 There have been some minor editorial changes, but
24 essentially what my testimony does is set forth a
25 position that the Committee has taken for the better

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2 part of 30 years, which is that nepotism has no
3 place in government. It does not mean that family
4 members shouldn't be in government; it's, rather,
5 nepotism itself, which means in the hiring of that
6 person for municipal service, a relative ought not
7 have a role in that. And we've taken that position,
8 as I say, for the better part of 30 years.

9 It has an interesting history in that
10 we've had a variety of city solicitors opine over
11 those years as to whether or not there were such
12 prohibitions either in the Charter or in the Ethics
13 Code itself. As you know, the matter was the
14 subject of rather intense litigation, which reached
15 the Supreme Court, which, based on a technicality,
16 ruled that the State Ethics Code did not apply.
17 Now, that case was decided not on a substantive
18 basis but, rather, on a procedural basis.

19 That led to the 1993 attempt by the
20 Committee chaired by then-Councilmember Joe Vignola
21 to amend the Code.

22 COUNCILMAN KENNEY: That's your testimony?

23 MR. VOIGT: That's my testimony.

24 COUNCILMAN KENNEY: Thank you.

25 Councilman Nutter, I assume, has questions

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2 for you. But just in general, this information
3 prepared by Councilman's office relative to the 10
4 largest cities in the country, which appears here
5 that -- I don't know whether it's a -- it's notable
6 here that the two cities who don't have ethics
7 provisions are the two cities that lost population,
8 had a net population loss over the last 10 years.
9 All of these other cities -- I don't know whether
10 that's just happenstance or whether there's anything
11 to it.

12 But could you -- maybe in your
13 conversations with people in similar positions like
14 yours throughout the country, why cities like New
15 York and Los Angeles, Chicago, Houston, Dallas, San
16 Antonio, why they feel a need for strict
17 anti-nepotism laws on their books and why cities
18 like Philadelphia and Detroit, seemingly two cities
19 backsliding in population and in other areas, are --
20 don't have it.

21 MR. VOIGT: Well, a lot of those cities
22 didn't have such rules; they have them now and they
23 have them now for particular reason that are
24 specific to each of those cities. We all have a
25 different kind of experience that is city by city,

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2 and it's very difficult to go and make comparisons.

3 You know, oftentimes I would talk to
4 reporters who would bemoan Philadelphia corrupt and
5 contented or whether it's the Commonwealth of
6 Pennsylvania, and during the summers, I go to a
7 little tiny state, which is absolutely beautiful,
8 right on the water, and it is the most corrupt state
9 in the United States, and I would come back and tell
10 them tales about little old Rhode Island where you
11 had three chief justices in a row in the State
12 Supreme Court gone. So, you know, they have all
13 sorts of prohibitions in that state; they just don't
14 have to honor them.

15 What I'm suggesting to you is that I think
16 it's important that we do impose those kinds of
17 limitations here -- not because of any particular
18 individuals who have served in the past, but because
19 it's a more appropriate way to conduct our
20 government.

21 As to Detroit, you know, everybody's
22 different. Los Angeles has some of the most
23 stringent rules in the country and yet their police
24 department is perhaps the most corrupt in the
25 country. I just wouldn't make those kinds of

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2 comparisons.

3 COUNCILMAN KENNEY: Can you tell me just
4 in your opinion why the public needs to believe that
5 elected officials or family members of elected
6 officials should not have the kind of influence that
7 appear -- that may give the appearance if I or other
8 elected officials like myself can appoint my
9 individual family members to paid positions?

10 MR. VOIGT: It's called "transparency" and
11 it's what's most important about the democratic
12 process and what distinguishes us from a lot of
13 other countries that don't have transparent
14 processes, where the individuals are serving in
15 government for their own betterment, not for the
16 benefit of the public. And it's very important that
17 it be clear that people aren't self-serving and
18 self-dealing, using their positions to benefit
19 themselves or their families.

20 COUNCILMAN KENNEY: Thank you.

21 Councilman Nutter, do you have any
22 questions for this witness?

23 COUNCILMAN NUTTER: No.

24 COUNCILMAN KENNEY: Any other questions?

25 (No further questions.)

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2 COUNCILMAN KENNEY: Thank you very much.

3 Natalie Palermo, please.

4 (Witness comes forward.)

5 MS. PALERMO: Good morning.

6 COUNCILMAN KENNEY: Good morning. Please
7 identify yourself for the record.

8 MS. PALERMO: My name is Natalie
9 Kaczor-Palermo, and I'm a mother of a son and a
10 victim, we are both victims of nepotism.

11 COUNCILMAN KENNEY: Please proceed.

12 MS. PALERMO: Okay. I'm reading. I'm
13 here today to say no to nepotism because to say yes
14 would mean I support nepotism's abuse of power,
15 control, deception, and corruption.

16 "When watching men of power in action, it
17 must be always kept in mind that whether they know
18 it or not, their main purpose is the elimination or
19 neutralization of the independent individual, the
20 independent voter, consumer, worker, owner, thinker,
21 and that every device they employ aims at turning
22 men into a manipulable, animated instrument which is
23 Aristotle's definition of a slave," by Eric Hoffer.

24 Nepotism has a life of its own. It
25 dictates, it makes decisions (sometimes in the

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2 bedroom), it knows outcomes, it intimidates, and
3 often becomes a tower of power. Now, I'm not saying
4 that this will be the outcome of the proposed
5 nepotism appointment for the City of Philadelphia;
6 however, I am sitting here today to say that my son
7 and I are victims of the ugly hand of nepotism. I
8 feel that even the slightest hints of improprieties
9 in government should be avoided.

10 Nepotism will never and can never serve as
11 a positive force for the majority of people. It
12 must remain negative to maintain its supreme power
13 of selectivity and control over the masses.
14 Nepotism violates human justice, it decides one's
15 fate without a hearing, and it removes the appeals
16 vehicle.

17 On January 21, 2002, we will celebrate
18 Dr. Martin Luther King's birthday. This is a man
19 who fought tirelessly for justice for all. One of
20 his famous quotes is, "Injustice anywhere is a
21 threat to justice everywhere." Clearly, this quote
22 is appropriate for nepotism as it take hostages and
23 creates victims such as my son and I.

24 My son is a 33-year-old man who,
25 unfortunately, resides in one of the City's group

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2 homes, "KenCCid," since June of 2000. I chose this
3 agency because I thought it was family-friendly.
4 The first person we met was a clinical director who
5 worked at this agency for 17 years. He was a
6 wonderful human being who was progressive and worked
7 beyond the call of duty. On October 11, 2001, he
8 was forced to resign and was told by the president
9 of the board that his services were no longer
10 needed, which the agency insisted he voluntarily
11 resigned.

12 I was shocked and immediately followed my
13 motherly intuition and began to inquire and
14 uncovered some disturbing facts and information
15 about Helene Steinberg, who was the executive
16 director of this agency and the agency's illegal
17 hiring practices, etc. I requested a meeting with
18 Miss Steinberg and questioned her vision for this
19 agency and what direction she was going in. This
20 meeting lasted only seven minutes until -- when she
21 became infuriated and told me to get out of her
22 office, threatened me, and told me that I could take
23 my son elsewhere if I didn't like it, and also I
24 could report her to Mr. Mike Covone if I wanted to.

25 Mike Covone is the Deputy Commissioner of

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2 Mental Health and Mental Retardation Services of
3 Philadelphia, and Miss Steinberg is also engaged to
4 him. She was appointed to this position in October
5 of 200 by Mr. Covone and Mr. Richard Gold, who is
6 legal counsel to and a board member of KenCCid and
7 also on the board of and legal counsel to
8 Philadelphia Mental Health Care Corps. Both of his
9 parents are also board members of KenCCid.

10 Miss Steinberg hires her mother to work in
11 the office, nephew and nieces of her loyal employees
12 who cover up for her. Miss Steinberg is allowed to
13 make her own hours and whatever her job description
14 is, nobody knows. She reports late for work,
15 consistently is out of work, and whenever the wind
16 blows, cancels more meetings than she attends, and
17 the staff place bets on whether or not she will
18 cancel. She pays someone else \$100 an hour to do
19 her work. All --

20 COUNCILMAN KENNEY: Can I interrupt you
21 for a second? I don't mean to stop your testimony.

22 MS. PALERMO: Sure.

23 COUNCILMAN KENNEY: We have this before us
24 to read. If you could kind of just synopsise it. I
25 would just urge you to be very careful in what

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2 you're alleging because I don't know this person and
3 I don't have an opinion either way, but I just --

4 MS. PALERMO: Yeah, it's all --

5 COUNCILMAN KENNEY: I mean, some of the
6 things you're alleging here, you know --

7 MS. PALERMO: Okay, (indecipherable) or
8 whatever, but it's been out there already, yeah.

9 COUNCILMAN KENNEY: I just --

10 MS. PALERMO: What has happened with
11 nepotism with my son, okay, is that it's hit a brick
12 wall. Usually you go to someone, you talk, you sit
13 down. At this place, I had nowhere to go to. You
14 go to her, she throws you out. You go here, the
15 lawyer handles it first, and he makes a lot of money
16 from the City, you pay a lot of money for this
17 lawyer. And he sent me a lot of correspondence, as
18 you can see, okay? We had no sitting down, no
19 talking or anything like that.

20 They're allowed to get away with a lot of
21 things, they're not accountable for anything.
22 There's -- I have facts to prove that. There are
23 City people sitting there when a family member
24 wanted to have her not be with her brother, but they
25 were afraid to because Mr. Covone and then there's

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2 Miss Estelle Richman and all of these people up in
3 power that you can't go and filter. I have called
4 people, wrote to them and everything. So even
5 though I asked for a state investigation and that's
6 what they're doing for my son -- not for my son, for
7 other people. I usually -- you know, I advocated
8 for them.

9 What has happened, even through the
10 investigation, is that he was able to, and so was
11 she able to, use a force of evicting my son from his
12 home. Now, I know my rights and things like that
13 for him, okay, and it's not like he's running the
14 street, but nevertheless, they're allowed to
15 retaliate and abuse that power, and it goes on and
16 on. And there's no -- you can't go through the
17 brick wall when nepotism is there and cronyism. And
18 that's exactly what happens with all of it.

19 And it's not only me. I'm the voice and
20 I'm talking right here today, okay? But there's
21 other people that it goes on and on. And yet, it
22 might be okay for a family member or something, but
23 the power is unbelievable that they derive from.
24 And the abuse of money and the fraud that goes on
25 with it.

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2 And my son now, I have to worry about him
3 they get real ugly when you try to do something or
4 you try to -- I felt responsibility towards
5 reporting certain things, okay? So I came up and
6 did the right thing, and the City officials were
7 afraid to, because they worked with people that were
8 powerful than them.

9 COUNCILMAN KENNEY: So you're in favor of
10 the passage of the bill?

11 MS. PALERMO: I am very much in favor of
12 the passage of the bill. I don't feel it has a
13 place anywhere's at all. It's making it very hard
14 for people like me, people that, you know, have
15 children other places in government, you can't go
16 there, it doesn't have justice. I mean, we're
17 always seeking for justice for something. And
18 there's no accountability and nobody's responsible.
19 And there's a lot of things that are pretty
20 dangerous.

21 COUNCILMAN KENNEY: Thank you.

22 MS. PALERMO: So thank you very much.

23 COUNCILMAN KENNEY: Thank you for your
24 testimony.

25 The Chair recognizes Councilman Nutter for

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2 the purposes of entering into the record a letter
3 from Mr. Sam Katz.

4 COUNCILMAN NUTTER: Thank you,
5 Mr. Chairman.

6 This is a letter that was faxed into the
7 office the other day; I'll read it into the record.
8 It's dated January 14th.

9 "Dear Councilman Nutter: I very much
10 appreciate the invitation for Greater Philadelphia
11 First (GPF) to testify at the January 14th hearing
12 on Council Bill No. 010743. Unfortunately, I will
13 be unable to attend. However, I hope you will
14 accept and enter into the public record this letter
15 of support for adding anti-nepotism provisions to
16 the Philadelphia Code.

17 "GPF is a business and civic leadership
18 organization representing 51 of the region's major
19 companies and nonprofit organizations, many of which
20 are located in the City of Philadelphia. Our
21 mission calls for GPF to play a key role in
22 transforming the Greater Philadelphia region into
23 one of the nation's leading knowledge centers. In
24 order for that transformation to occur, the private
25 and public sectors must work together to persuade

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2 knowledge workers and knowledge-based industries
3 that the region is a choice destination to set down
4 roots, both professionally and personally.

5 "Many factors enter into that calculus,
6 such as the tax burden and quality of schools and
7 local crime rates. So too do the integrity of
8 government and the guarantee of a fair and level
9 playing field when doing business with public
10 officials. The role of the public sector and the
11 conduct of the officials who lead that sector are
12 critical factors in the economic success of a city
13 or region..."

14 Mr. Chairman, can I ask that this letter
15 be entered into the record as if it were read?

16 COUNCILMAN KENNEY: So ordered.

17 (Mr. Katz's letter is attached
18 hereto.)

19 COUNCILMAN NUTTER: It's always a little
20 strange to read to my colleagues.

21 COUNCILMAN KENNEY: Although I must say
22 that some of the wording in this letter does lead me
23 back to the discussion that I had with Mr. Voigt
24 about the ten largest cities in the country and the
25 only two that have lost population and jobs seems to

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2 be reflective of that view, so...

3 COUNCILMAN NUTTER: Right.

4 COUNCILMAN KENNEY: Is there anything
5 else?

6 Let me just hold off for one moment,
7 please.

8 - - -

9 COUNCILMAN KENNEY: The Chair recognizes
10 Councilman Clarke.

11 COUNCILMAN CLARKE: Thank you.

12 Mr. Chairman. I just wanted to make a brief
13 statement to the sponsor of the bill and the
14 committee members and the members present here.

15 First, I'd like to say that I'm supportive
16 conceptually of the bill. I think that there should
17 be some legislation and a more active Ethics
18 Committee, but as I spoke to the sponsor, there is
19 some issues with respects to the existing bill that
20 I have some concerns about, and I've asked that
21 potentially we can hold this bill until they can be
22 worked out. So I just wanted to go on the record of
23 asking the sponsor to hold the bill in the committee
24 until we can work some of these issues out.

25 Thank you, Mr. Chairman.

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2 COUNCILMAN NUTTER: Councilman Clarke, I
3 appreciate your comments, both the general support
4 you offered and, as you well know, I'm always --
5 notwithstanding Councilman Cohen's vies at times,
6 I'm generally always available to certainly have
7 further discussion on any bill that I might be
8 working on, and I'm certainly in agreement that we
9 should continue to have that discussion, and I look
10 forward to the discussion

11 COUNCILMAN COHEN: (Inaudible) ... opposed
12 to any specific scheduling of this bill again in the
13 near order so that the bill will come up no matter
14 what the result of the discussions are. I believe
15 the bill ought to be recessed but not to any
16 particular date and ought to be scheduled at such
17 time when there seems to be general agreement on the
18 concept and specific provisions of the bill.

19 COUNCILMAN NUTTER: Councilman, I --

20 COUNCILMAN KENNEY: That request is noted.

21 I have a different opinion in that I think
22 that if we can continue to have it scheduled to a
23 date certain that we will work vigorously to try to
24 come up to some agreement. It doesn't mean that it
25 has to move on the date certain, but having it

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2 simply floating out there without a date I don't
3 think is in the best interest of the bill. And I do
4 acknowledge Councilmember's opinion in that regard.

5 Do you have any...

6 COUNCILMAN NUTTER: I just -- Councilman,
7 I do appreciate that. But, as I have also learned
8 from you, you know that at times to keep a
9 discussion going, as we did with the public
10 employees benefits and the like, it is a little
11 better to try to have some sense of certainly, I
12 think, as the Councilman says, it doesn't absolutely
13 mean that something is going to happen that day, but
14 I take both yourself and Councilman Clarke very
15 seriously in your desire to have further discussion,
16 and I will certainly keep my word to keep an open
17 mind and to keep that discussion going. I'm hopeful
18 that you and I might be able to reach some meeting
19 of the minds on this, although I do know that you
20 hold a very, very strong and personal view on this
21 issue.

22 COUNCILMAN KENNEY: If there are no other
23 comments and there's no one else to testify on this
24 bill, this committee will stand in recess until
25 Wednesday, January 30th, at 10 a.m. in this room, at

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2 which time we will hear additional testimony on this
3 bill and other zoning bills that are scheduled for
4 that day.

5 Thank you very much.

6 (Proceeding ends at 11:42 a.m.)

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CERTIFICATE

I HEREBY CERTIFY that the foregoing
proceedings of the Council of the City of
Philadelphia's meeting of the Council Committee on
Rules of Monday, January 14, 2002, are contained
fully and accurately in the stenographic notes taken
by me upon, and that this is a true and correct
transcript of same.

RE: Resolution No. 010743

_____,
Josephine Cardillo
Registered Professional Reporter
and Notary Public

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