

Ethics and Transparency in Township Business Deals – Part II

[**Note: Due to the importance and complexity of this issue, it cannot be fully covered in one white paper. This is the second of several white papers the TTDems will provide on related topics.**]

Issue: Are township business deals negotiated in the best interest of all residents, or are certain groups given preferential treatment due to relationships, political contributions, and party affiliation?

Our Position: Members of Township boards and authorities, particularly the Board of Supervisors, should be held to the highest ethical standards, and should avoid even the appearance of conflicts of interest in all business dealings. Therefore, we call for all members of Township boards and authorities to adhere to the following principles:

Ethics: Article IX, § C-63 of Chapter C of the Tredyffrin Township Charter reads (in part): “Conflict of interest. A. No elected or appointed official of the township shall: (1) Engage in any activity or take any action by virtue of his official position from which activity or action the official, or any other person or entity in whose welfare the official is interested, shall benefit or realize a gain or advantage... (2) Solicit or accept, directly or indirectly, any gift, favor, service, commission or other consideration that might reasonably tend to influence that official in the discharge of the duties of office. (3) Seek to influence, directly or indirectly, the awarding of any contract where such official is interested or would benefit directly, financially or otherwise, from said contract...” We believe that members of Township boards and authorities, and the Board of Supervisors in particular, have an ethical obligation to go above and beyond this regulation to avoid **EVEN THE APPEARANCE** of a conflict of interest, regardless of whether the activity is technically legal or not.

Transparency: Concerned citizens should be able to fully understand the activities of the Township, rather than permitting Township dealings to be cloaked in secrecy. We believe that transparency includes, but is not limited to, providing citizens with:

- ❖ Information about important meetings of Township boards and authorities and the issues under discussion.
- ❖ An easy and convenient way to request and receive all relevant government documents.
- ❖ Input into Township decisions and rule making.

As it relates to this issue, we believe that the residents of Tredyffrin have a right to know the true nature of any relationship between any person or group with whom the Township is doing business and any member of Township boards and authorities who have any decision-making authority over their dealings with the Township. Furthermore, Township residents have a right to expect that any business deal entered into by Township authorities is conducted for the benefit of the Township as a whole rather than any individual or group.

Background: On August 13, 1998, businessman and current candidate for Tredyffrin Township Supervisor **John DiBuonaventuro** (who calls himself **JD**) organized a meeting at the Desmond Hotel in Malvern between Chester County Republican Commissioners Colin Hanna and Karen Martynick and representatives of Genesis Health Ventures and Pennrose Properties. The third

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County Commissioner at the time, Democrat Andy Dinniman, was not invited. The purpose of the meeting was to make a presentation on the benefits of privatizing Pocopson Home. The Pocopson Home is a low-income retirement home that has been run by the county since 1951. It had 361 beds primarily occupied by Medicaid patients, and employed about 400 workers. At the time of the meeting, the facility earned \$2 million above expenses. At the meeting, **JD** suggested selling the home to a nonprofit corporation. According to his proposal, his company, Century Financial Group, would handle the details of the sale, including the issuance of tax-exempt bonds with a limited guarantee by the county. The foundation would hire a management firm (such as Genesis) to run the daily operations of the home and another (Penrose) to manage the assisted-living facility.

On August 18th, the Hanna campaign received \$750 from **JD**. Hanna and **JD** both claimed the timing of the contribution was purely coincidental. **JD** had also contributed \$1500 to Hanna the previous year.

There was an immediate, non-partisan backlash against the proposal as the details became public. It seemed difficult to see who except for **JD** and his cronies would benefit from privatizing a facility that by all accounts did an excellent job caring for the poor, the sick and the elderly while also consistently earning a profit for the county (to the tune of \$2 million in 1997). After intense public outcry and petition drives, the idea was shelved.

This unsavory episode raises several ethical questions that seem to keep cropping up in current County and Township Republican politics:

1. Secret deals between political insiders to decide public business. At the time, Andy Dinniman called for an investigation into whether the two Republicans violated the state's open meeting law, commonly known as the Sunshine Law. (The county solicitor said the meeting was not illegal). Dinniman commented: "If there is a case to be made for privatization, discuss this publicly."
2. Political contributions from donors who present a clear conflict of interest for the public official. Dinniman commented: "I think it is unfortunate that a commissioner would accept large contributions from companies that are involved in the for-profit care of senior citizens. Sometimes, large contributions can cloud judgments." John DeMillion, a retired West Chester University Professor who organized a petition drive opposed to the sale, concurred: "If I think you're selling off Chester County and receive donations, I have strong negative feelings about that. I think you should turn down the donations if it's a conflict of interest."

This account was compiled from a series of stories that appeared in The Philadelphia Inquirer at the time of this event. If you have any questions or comments about this issue, please contact Maria Micolucci, Chair, Tredyffrin Township Democratic Committee (info@ttdems.com). Specific references for any of the information contained in this white paper are available on request.