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United States Senate

COMMITTEE ON
HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS
WASHINGTON, DC 20510-6250

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January 30, 2017

The Honorable Carol F. Ochoa
Inspector General
General Services Administration
1800 F Street, NW Room 5340
Washington, DC 20405

Dear Inspector General Ochoa:

As the current and former ranking members of the Committee with jurisdiction over the General Services Administration and inspectors general, we write today to request a review of GSA's management of the lease with the Trump Old Post Office, LLC to develop and manage the Old Post Office Building in Washington, DC.

As you are aware, recent events have raised important questions about GSA's management of the Old Post Office lease. In 2013, GSA negotiated a lease agreement with Trump Old Post Office, LLC—a private company owned by now-President Donald Trump and his adult children. Under the terms of this agreement, the Trump Organization committed significant funds to transform the Old Post Office Building into a luxury hotel, and in return received the exclusive rights to run the hotel and retain all profits for a period of at least 60 years. In June 2015, when then-candidate Trump announced his intention to run for President of the United States, warning signs regarding a potential conflict of interest became apparent because the lease agreement includes a clause that prohibits elected officials from being party to the agreement, in order to prevent favoritism or preferential treatment to federal officials. The lease states:

“No...elected official of the Government of the United States...shall be admitted to any share or part of this Lease, or to any benefit that may arise therefrom; provided, however, that this provision shall not be construed as extending to any Person who may be a shareholder or other beneficial owner of any publicly held corporation or other entity, if this Lease is for the general benefit of such corporation or other entity.”¹

Since President Trump took the oath of office, the Trump Old Post Office, LLC appears to be in breach of the plain language of the lease agreement. President Trump has repeatedly stated that although he will resign from his positions at the various companies of the Trump Organization, he will not divest his ownership.² As such, President Trump is now effectively both landlord and tenant of the Old Post Office Building, creating significant complications for

¹ *Old Post Office Ground Lease*, Article 37.19, GENERAL SERVICES ADMINISTRATION (Aug. 5, 2013).

² See e.g., *Trump to Step Down from Business but won't Divest Ownership*, BLOOMBERG (Jan. 11, 2017) (online at www.bloomberg.com/politics/articles/2017-01-11/trump-to-step-down-from-business-will-not-divest-ownership).

the management of a federal building under a program designed “to maximize asset income and provide value to the Federal Buildings Fund and taxpayers.”² Career GSA officials must now manage and renegotiate this lease under the scrutiny of the President of the United States and his adult children. While GSA officials must work to ensure the lease remains fair to the tenant, the Trump Old Post Office, LLC, they must also work to safeguard and maximize taxpayer dollars.

Despite the warning signs from Members of Congress and ethics watchdogs, GSA chose not to take any action to address or enforce this provision of the lease or the other steps to mitigate the difficulties the lease creates for GSA and other government officials who oversee management of the agreement.

Your office is in a unique position to review GSA’s management of the lease of the Old Post Office Building and identify any potential missteps. Your office has previously led reviews of matters of significance, including audits of the Public Buildings Service’s lease administration practices.³ There is no doubt that the current circumstances with GSA’s Old Post Office lease also require a thorough review.

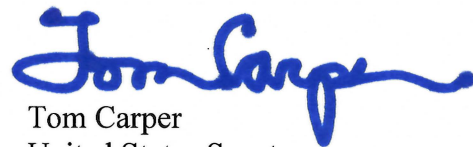
If you or members of your staff have any questions about this request, please feel free to ask your staff to contact Donald Sherman with Senator McCaskill’s office at Donald_Sherman@hsgac.senate.gov or 202-224-2627 and Roberto Berrios with Senator Carper’s office at Roberto_Berrios@hsgac.senate.gov or 202-224-2441. Thank you very much for your attention to this matter.

With best personal regards, we are

Sincerely yours,



Claire McCaskill
Ranking Member



Tom Carper
United States Senator

cc: The Honorable Ron Johnson
Chairman

The Honorable Michael E. Horowitz
Chairman, Council of the Inspectors General on Integrity and Efficiency

² *Outleasing*, GENERAL SERVICES ADMINISTRATION, available at <https://www.gsa.gov/portal/content/104483>).

³ See *Audit of the Public Buildings Service, Southeast Sunbelt Region’s Lease Administration Practices*, OFFICE OF THE INSPECTOR GENERAL for the U.S. GENERAL SERVICES ADMINISTRATION (Sep. 27, 2012).