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# United States Senate

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

CHRISTOPHER R. HIXON, STAFF DIRECTOR  
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May 2, 2017

Timothy O. Horne  
Acting Administrator  
General Services Administration  
1800 F Street, NW  
Washington, D.C. 20405

Dear Mr. Horne,

On March 1, 2017, I wrote to Secretary of Defense James Mattis to request information regarding plans by the Department of Defense to lease office space in Trump Tower for military operations supporting President Trump.<sup>1</sup> As the *New York Times* has noted, such an arrangement would raise “questions about a potential conflict of interest because taxpayer dollars could be going directly to [President Trump’s] business interests.”<sup>2</sup> In response, the Department provided the enclosed letter, stating that it has sought to lease privately-owned residential space in Trump Tower—as opposed to commercial office space—and that “lease negotiations have been with the owner’s representatives only. We are not aware of any means through which the President would personally benefit from a Government lease of this space.”<sup>3</sup> The Department further stated that “[t]he lease in question is being negotiated and acquired by the General Services Administration.”<sup>4</sup>

While this response potentially addresses worries that President Trump and the Trump Organization might directly benefit “from charging the Department of Defense to do its job,”<sup>5</sup> it raises other serious concerns related to a private residence housing officials and equipment from the White House Military Office. Specifically, public reporting on certain residents of Trump Tower suggests their possible involvement—through the use of their property—in Department operations could pose potential security risks. For example, Paul Manafort, a former campaign

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<sup>1</sup> Letter from Sen. Claire McCaskill to Secretary James Mattis (March 1, 2017).

<sup>2</sup> *Pentagon Considers Leasing Space at Trump Tower*, *New York Times* (Feb. 8, 2017).

<sup>3</sup> Letter from Acting Under Secretary of Defense James A. MacStravic to Sen. Claire McCaskill (March 22, 2017).

<sup>4</sup> *Id.*

<sup>5</sup> *Defense Department Renting at Trump Tower is Another Step into Ethical Murk*, NPR (Feb. 9, 2017).

chairman to President Trump reportedly under U.S. counterintelligence scrutiny,<sup>6</sup> owns a condo unit on the 43rd floor.<sup>7</sup> Law enforcement agencies have also charged other current owners of Trump Tower units with racketeering, bribery, and bank fraud.<sup>8</sup> Lax vetting has also previously made Trump Tower an attractive residence or investment for foreigners with concerning ties, including alleged Russian mobster David Bogatin and a representative of former Haitian dictator Jean-Claude Duvalier.<sup>9</sup> As President Trump wrote in *The Art of the Deal*, foreign purchasers of Trump Tower units need not worry about “the scrutiny of a bunch of prying strangers.”<sup>10</sup>

In its March 22, 2017, response, the Department also noted that “the mission requirement for close proximity to the President’s residence drives the location and price for this acquisition.”<sup>11</sup> Yet the owners of apartments within close proximity to President Trump’s triplex unit raise additional concerns. According to *Bloomberg*, for example, the duplex immediately below President Trump’s unit “now belongs to a construction company that admitted last year to defrauding New York clients.”<sup>12</sup> As a May 2015 Department of Justice press release explained, Hunter Roberts Construction Group, LLC “defrauded its clients”—including government contracting and funding agencies—“by fraudulently billing them for work that was not performed and at rates that were higher than contracted.”<sup>13</sup> The next-closest apartment to President Trump on the 63rd floor, according to ABC News, was the target of a two-year FBI operation ending in 2013 “to eavesdrop on a sophisticated Russian organized crime money-laundering network.”<sup>14</sup> A federal grand jury later indicted more than 30 individuals in

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<sup>6</sup> *Intercepted Russian Communications Part of Inquiry Into Trump Associates*, New York Times (Jan. 19, 2017) (online at <https://www.nytimes.com/2017/01/19/us/politics/trump-russia-associates-investigation.html>).

<sup>7</sup> *Inside Trump Tower: The Skyscraper Where Trump is Already King*, Bloomberg (Oct. 25, 2016) (online at <https://www.bloomberg.com/features/2016-trump-tower/>).

<sup>8</sup> *Id.*

<sup>9</sup> *Id.*

<sup>10</sup> *Id.*

<sup>11</sup> Letter from Acting Under Secretary of Defense James A. MacStravic to Sen. Claire McCaskill (March 22, 2017).

<sup>12</sup> *Inside Trump Tower: The Skyscraper Where Trump is Already King*, Bloomberg (Oct. 25, 2016).

<sup>13</sup> Department of Justice, *Hunter Roberts Construction To Pay More Than \$7 Million In Penalties And Restitution For Engaging In A Fraudulent Overbilling Scheme* (May 20, 2015) (online at <https://www.justice.gov/usao-edny/pr/hunter-roberts-construction-pay-more-7-million-penalties-and-restitution-engaging>).

<sup>14</sup> *Russian Mafia Boss Still at Large After FBI Wiretap at Trump Tower*, ABC News (March 21, 2017) (online at <http://abcnews.go.com/US/story-fbi-wiretap-russians-trump-tower/story?id=46266198>).

connection with the investigation.<sup>15</sup> The family of one of the top individuals associated with the criminal network—Vadim Trinchler—reportedly still owns unit 63A.<sup>16</sup>

Relatedly, a recent report by the Government Accountability Office (GAO) found that foreign governments own numerous high-security facilities leased by federal agencies, which are often unaware of this ownership and thus unable to mitigate potential security risks. GAO has recommended that the General Services Administration (GSA) determine the ownership of leased high-security space and alert tenant agencies of foreign ownership to allow them to address any security risk.<sup>17</sup>

To address concerns arising from the potential leasing of privately-owned residential space in Trump Tower for Department of Defense operations, please answer the following requests for information:

1. Please identify the unit in Trump Tower under consideration for leasing by the Department of Defense, as well as the owner or owners of the unit;
2. Please provide an estimate of the annual cost of leasing the unit under consideration, as well as an estimate of any costs to renovate or otherwise modify the unit to meet Department of Defense requirements;
3. Please provide any contracts or other agreements the Department of Defense or GSA have concluded with the owner or manager of the unit under consideration, as well as any contracts or agreements to renovate or otherwise modify the unit;
4. The Department of Defense has noted that, with regard to property inside Trump Tower, “our analysis indicates that renting is cheaper than purchase.”<sup>18</sup> Please provide any analysis GSA has conducted or received regarding the relative merits of renting or purchasing Trump Tower property;
5. Please describe any vetting procedures GSA has instituted concerning the owner—whether an individual or a company—of the unit under consideration;
6. Please describe any criteria GSA has used for determining the suitability of property inside Trump Tower for leasing given the security needs of the Department of Defense;

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<sup>15</sup> *Id.*

<sup>16</sup> *Inside Trump Tower: The Skyscraper Where Trump is Already King*, Bloomberg (Oct. 25, 2016).

<sup>17</sup> Government Accountability Office, *GSA Should Inform Tenant Agencies When Leasing High-Security Space from Foreign Owners* (Jan. 3, 2017) (GAO-17-195).

<sup>18</sup> Letter from Acting Under Secretary of Defense James A. MacStravic to Sen. Claire McCaskill (March 22, 2017).

Timothy O. Horne  
May 2, 2017  
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7. Please provide any communications between GSA and the Department of Defense, and between GSA and the owner or manager of the unit under consideration, regarding security risk mitigation prior to the Department occupying the unit.

Please provide your responses as soon as possible, but in no event later than May 23, 2017. If you have any questions related to this request, please contact Brandon Reavis of the Committee staff at [Brandon\\_Reavis@hsgac.senate.gov](mailto:Brandon_Reavis@hsgac.senate.gov) or (202) 224-2627. Please send any official correspondence relating to this request to [Amanda\\_Trosen@hsgac.senate.gov](mailto:Amanda_Trosen@hsgac.senate.gov).

Sincerely,



Claire McCaskill  
Ranking Member

Enclosure

cc: Ron Johnson  
Chairman



ACQUISITION,  
TECHNOLOGY  
AND LOGISTICS

OFFICE OF THE UNDER SECRETARY OF DEFENSE

3000 DEFENSE PENTAGON  
WASHINGTON, DC 20301-3000

MAR 22 2017

The Honorable Claire McCaskill  
Ranking Member  
Committee on Homeland Security  
and Governmental Affairs  
United States Senate  
Washington, DC 20510

Dear Senator McCaskill:

This is in response to your March 1, 2017, letter to the Secretary of Defense regarding press reports that the Department of Defense (DoD) is planning to acquire leased space in Trump Tower, New York City, New York. I am responding on the Secretary's behalf.

There is an effort to acquire leased space in Trump Tower. To alleviate your principal concern (i.e., that the President of the United States might financially benefit from the lease effort), please know that this residential space is privately owned and that lease negotiations have been with the owner's representatives only. We are not aware of any means through which the President would personally benefit from a Government lease of this space.

My office has policy making and oversight responsibilities for the Department's real property matters, including the acquisition of real property by DoD Components. According to current and longstanding DoD policy (DoD Instruction 4165.71), any acquisition of leased space with an annual rental in excess of \$1 million must first be approved by my office.

The White House Military Office (WHMO), a DoD Component that performs a variety of *missions for the White House*, requested approval to lease space in Trump Tower for personnel assigned to support the President when at his private residence. This is typical of support provided by WHMO to past Presidents and Vice Presidents at their private residences.

The lease in question is being negotiated and acquired by the General Services Administration, as is standard practice. Regarding alternatives, the mission requirement for close proximity to the President's residence drives the location and price for this acquisition. Additionally, our analysis indicates that renting is cheaper than purchase.

I approved this action after consulting with the Director of WHMO, the Office of the Under Secretary of Defense (Comptroller), and the DoD Office of General Counsel. I trust this information is helpful. Thank you for your continued support.

Sincerely,

James A. MacStravic  
Performing the Duties of the  
Under Secretary of Defense  
for Acquisition, Technology,  
and Logistics

cc: The Honorable Ron Johnson  
Chairman