

January 23, 2017

Mr. Timothy Horne
Acting Administrator
U.S. General Services Administration
1800 F Street, NW
Washington, DC 20405

Dear Acting Administrator Horne:

We write to request specific information regarding how the General Services Administration (GSA) is addressing President Donald Trump's apparent breach of the Old Post Office lease agreement his company entered into with the U.S. Government for the Trump International Hotel in Washington, DC.

Article 37.19 of the lease agreement provides:

No member or delegate to Congress, or elected official of the Government of the United States or the Government of the District of Columbia, shall be admitted to any share or part of this Lease, or to any benefit that may arise therefrom...¹

Documents produced by GSA on January 3, 2017, pursuant to the statutory Seven Member Rule confirm that President Trump has a majority ownership interest in the lease. The enclosed chart sets forth the business structure of the Trump Old Post Office LLC and the specific ownership interests of President Trump, his daughter Ivanka Trump, and his sons Donald Jr. and Eric Trump.

On December 8, 2016, GSA's Deputy Commissioner of Public Building Services briefed our staffs on the steps that career contracting officials at GSA would take if a breach occurred. The Deputy Commissioner confirmed repeatedly that Article 37.19 is a categorical ban on any elected official being a party to this lease or taking any financial benefit from it. He explained that this provision is a standard clause that is included in many GSA leases to create a "level playing field" and protect the interests of the American people.

The Deputy Commissioner also explained that GSA disagreed with an alternative interpretation by a former procurement official who suggested that this provision theoretically could be interpreted to ban only officials who were elected at the time the lease was signed, but not those who are elected afterwards.² The Deputy Commissioner confirmed that GSA's position is that this provision applies to all elected officials, regardless of when they are elected.

¹ General Services Administration, *Ground Lease, By and Between The United States of America (as "Landlord") and Trump Old Post Office, LLC (as "Tenant")* (GS-LS-11-1307) (Aug. 5, 2013) (online at www.gsa.gov/portal/content/305477) (emphasis added).

² *To Move Into White House, Trump May Have to Dump DC Hotel*, Associated Press (Dec. 1, 2016) (online at www.seattletimes.com/business/lawyers-trump-has-to-sell-dc-hotel-before-taking-office/).

The Deputy Commissioner explained that when a GSA contracting official determines that a breach has occurred, he or she would send a letter to the tenant providing the tenant 30 days to remedy the breach. This process is outlined in Article 27.1(b)(ii) of the lease, which provides how the tenant must cure the breach within 30 days after being notified.³ According to the Deputy Commissioner, if the breach is not resolved satisfactorily within this timeframe, the GSA contracting official would normally bring the matter before the U.S. Civilian Board of Contract Appeals.

During the briefing, when our staffs asked about the possibility that an incoming political appointee of the Trump administration may attempt to reverse GSA's legal interpretation of this provision or simply remove the provision from the lease itself, the Deputy Commissioner assured our staffs that GSA contracting officials are independent, base their decisions on the laws and regulations governing the contracts they oversee, and would not change their positions based on inappropriate political influence.

Soon after this briefing, then-President-elect Trump postponed a press conference during which he planned to address questions regarding his many conflicts of interest. At that time, GSA issued a public statement that "no determination regarding the Old Post Office can be completed until the full circumstances surrounding the President-elect's business arrangements have been finalized and he has assumed office."⁴

Two key events have occurred that now bring this issue to a head: President-elect Trump announced during his nationally televised press conference on January 11 that he refuses to divest his ownership interests in his companies, and he took the oath of office on January 20 to be sworn in as President. As a result, President Trump is in apparent breach of the lease with the Federal Government for his hotel in Washington, DC.

In addition, the documents produced by GSA indicate that President Trump's company has reported receiving millions of dollars less in revenue than its own officials projected in the first two months operating the hotel. In fact, President Trump's company reported losses totaling more than \$1.1 million in those two months alone.

Trump Hotel—Monthly Financial Reports to GSA			
	September	October	Total
Estimated Revenue	\$2,087,000	\$4,276,000	\$6,364,000
Actual Revenue	\$1,301,000	\$2,771,000	\$4,072,000
Net Estimated Income	-\$84,000	\$481,000	397,000
Net Actual Income	-\$334,000	-\$825,000	-1,160,000

³ General Services Administration, *Ground Lease, By and Between The United States of America (as "Landlord") and Trump Old Post Office, LLC (as "Tenant")* (GS-LS-11-1307) (Aug. 5, 2013) (online at www.gsa.gov/portal/content/305477).

⁴ *Trump Must Sell His D.C. Hotel, Federal Officials Tell Congressional Democrats*, Think Progress (Dec. 14, 2016) (online at <https://thinkprogress.org/trump-must-sell-hotel-f92cd5b6b6e#.3vu7omva0>).

The documents explain that the hotel opening on September 12, 2017, was a “soft opening,” but they do not explain why income levels were so far below the company’s own projections. The documents do state that the “average daily rate” the hotel commanded during this period was “below budgeted expectations.”

The documents include monthly reports only for September and October, and it is possible that subsequent months drew more business and higher income levels. The possibility that President Trump will profit from large increases in hotel revenues because he was elected President highlights the grave concerns we have raised for months about his conflicts of interest and potential violations of the Emoluments Clause of the Constitution.⁵

Finally, there have been multiple reports of liens filed against President Trump’s company totaling more than \$5 million as a result of non-payment to contractors.⁶ Article 10.1 of the lease requires his company to notify GSA about the existence and cause of all liens on the property, and it gives GSA the authority to resolve liens and be reimbursed by the President’s company for interest and reasonable costs and expenses associated with resolving them.⁷

For the reasons outlined above, we request a response to the following questions and requests for documents by February 6, 2017:

1. Please explain the steps that GSA has taken, or plans to take, to address President Trump’s apparent breach of the lease agreement barring any elected official from being a lessee or deriving any benefit from this agreement.
2. Has GSA, or does GSA plan to send, a 30-day letter providing notice that President Trump’s company is in apparent breach of the lease agreement? If so, please provide a copy of that document and any attachments.
3. Please provide, on an ongoing basis starting with November, monthly reports submitted to GSA by President Trump’s company describing revenues and expenses.
4. Please explain the steps that GSA has taken, or plans to take, to address liens against the Trump International Hotel in Washington, DC. Please provide copies of any correspondence with Trump Old Post Office LLC that provides notice of how it is addressing liens or documentation of any subsequent GSA action to resolve these liens.
5. Please provide copies of all correspondence with representatives of President Trump’s company or the Trump transition team regarding the matters above.

⁵ See, e.g., *Donald Trump’s New York Times Interview: Full Transcript*, New York Times (Nov. 23, 2017) (online at www.nytimes.com/2016/11/23/us/politics/trump-new-york-times-interview-transcript.html?_r=1) (stating that “occupancy at that hotel will be probably a more valuable asset now than it was before, O.K.? The brand is certainly a hotter brand than it was before.”).

⁶ *Third Lien on Trump Hotel Brings Alleged Unpaid Bills to Over \$5 Million*, Washington Post (Jan. 6, 2017) (online at www.washingtonpost.com/news/digger/wp/2017/01/06/third-lien-on-trump-hotel-brings-alleged-unpaid-bills-to-over-5-million/?utm_term=.558f185e93aa).

⁷ General Services Administration, *Ground Lease, By and Between The United States of America (as “Landlord”) and Trump Old Post Office, LLC (as “Tenant”)* (GS-LS-11-1307) (Aug. 5, 2013) (online at www.gsa.gov/portal/content/305477)

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We have been raising concerns about this issue for months, and we understand that GSA raised our concerns with the Trump transition team directly several weeks ago. Our hope has always been that President Trump would resolve these breach-of-lease and conflict of interest issues prior to being sworn in as President on January 20. Unfortunately, President Trump has refused to address these concerns, and taxpayer dollars may now be squandered as career public servants are forced to take remedial action to cure this breach.

Thank you for your prompt cooperation with this matter.

Sincerely,

Elijah E. Cummings
Ranking Member
Committee on Oversight and
Government Reform

Peter A. DeFazio
Ranking Member
Committee on Transportation and
Infrastructure

Gerald Connolly
Member of Congress

André Carson
Member of Congress

Encl.

cc: The Honorable Jason Chaffetz
Chairman, Committee on Oversight and Government Reform

The Honorable Bill Shuster
Chairman, Committee on Transportation and Infrastructure

The Honorable Mark Meadows
Chairman, Subcommittee on Government Operations

The Honorable Lou Barletta
Chairman, Subcommittee on Economic Developments, Public Buildings and Emergency
Management