

United States Senate

WASHINGTON, DC 20510

December 1, 2016

Denise Turner Roth
Administrator
General Services Administration
1800 F St., NW
Washington, D.C. 20405

Dear Administrator Roth,

We write today to request information on how the General Services Administration (GSA) intends to protect taxpayer dollars and address conflicts of interest in its business relationship with President-elect Donald Trump and his family. Under the terms of a lease agreement GSA executed with affiliates of the Trump Organization to redevelop and manage the Old Post Office building in Washington, DC, it is likely impermissible for this relationship to remain in effect while President-elect Trump is President. Accordingly, GSA should immediately take steps to identify and mitigate any potential conflicts of interest relating to its lease agreement with President-elect Trump, including removing itself from the agreement to avoid any violations of law.

In 2013, GSA negotiated a lease agreement with Trump Old Post Office, LLC—a private company owned by President-elect Trump and his adult children.¹ Under the terms of this agreement, President-elect Trump committed \$200 million to transform the Old Post Office Building in Washington, D.C., 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.² The Trump International Hotel held a grand opening ceremony on October 26, 2016.³

The terms of GSA's lease agreement will become problematic once President-elect Trump takes office. In a material term of the contract, GSA requires that no elected officials play a role in the agreement. GSA's contract with the Trump Old Post Office, LLC plainly states:

¹ Charley Lanyon, "President-elect Trump Is Suing Washington, D.C. (Again)," *New York Magazine* (November 16, 2016) (online at <http://nymag.com/daily/intelligencer/2016/11/trump-suing-washington-dc-again.html>).

² General Services Administration, "Old Post Office Ground Lease" (August 5, 2013) (online at [http://www.gsa.gov/portal/mediaId/233119/fileName/Part_One_of_Segment_001_of_OPO_Ground_Lease_\(2013\)_RA.action](http://www.gsa.gov/portal/mediaId/233119/fileName/Part_One_of_Segment_001_of_OPO_Ground_Lease_(2013)_RA.action)); General Services Administration, "GSA and Trump Organization Reach Deal on Old Post Office Lease" (June 5, 2013) (online at <http://www.gsa.gov/portal/content/172963>).

³ Jonathan O'Connell, "Trump D.C. hotel to hold grand opening two weeks before election," *Washington Post* (October 20, 2016) (online at <https://www.washingtonpost.com/news/digger/wp/2016/10/20/trump-d-c-hotel-to-hold-grand-opening-two-weeks-before-election/>).

“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...”⁴

Federal procurement officials include this clause in lease agreements to avoid the appearance of favoritism or preferential treatment toward federal officials. GSA officials managing the agreement are required to balance their duties to execute the terms of the contract entered into with the building’s tenant while also protecting the interests of the building’s landlord.

However, once President-elect Trump assumes office, he will oversee GSA and have the authority to appoint a new GSA Administrator, which will effectively make President-elect Trump landlord and tenant at the same time. Terms of the agreement also require annual disclosures of sensitive financial information and for GSA to renegotiate rent adjustments and other payments to the Trump Organization. Such a scenario will present unmanageable conflicts of interest for career GSA officials and President-elect Trump and will result in a breach of plain language stated in the lease agreement.

GSA’s relationship with President-Elect Trump is also complicated by two provisions in the Constitution prohibiting the President from receiving additional “emoluments”—salaries, fees, or profits—from either the U.S. or foreign governments. Article II, Section 1, Clause 7 of the Constitution, states:

“The President shall...receive for his Services, a Compensation...and he shall not receive within that Period any other Emolument from the United States, or any of them.”⁵

Article I, Section 9, Clause 8 of the Constitution—often referred to as the “Emoluments Clause”—states:

“And no Person holding any Office...shall, without the Consent of the Congress, accept of any present, Emolument...of any kind whatever, from any...foreign State.”⁶

The lease agreement between GSA and President-elect Trump states that the "Landlord [to whom the Trump Old Post Office LLC, pays rent] shall mean the United States of America."⁷ If the current lease agreement remains, President-elect Trump will receive compensation from the federal government separate from his annual salary, which is prohibited by the Constitution. Foreign governments are also reportedly paying for their official representatives to stay at Trump International Hotel because the property is affiliated with the incoming President—the Kingdom of Bahrain, for example, recently booked space at the Trump Hotel for a reception.⁸ Once he

⁴General Services Administration, “Old Post Office Ground Lease: Ground Lease Segment One, part 2” (online at [http://www.gsa.gov/portal/mediaId/233123/fileName/Part_Two_of_Segment_001_of_OPO_Ground_Lease_\(2013\)_RA.action](http://www.gsa.gov/portal/mediaId/233123/fileName/Part_Two_of_Segment_001_of_OPO_Ground_Lease_(2013)_RA.action)), p. 103.

⁵ U.S. CONST. art. II, § 1, cl. 7.

⁶ U.S. CONST. art. I, § 9, cl. 8.

⁷ General Services Administration, “Old Post Office Ground Lease: Ground Lease Segment One, part 2” (online at [http://www.gsa.gov/portal/mediaId/233123/fileName/Part_Two_of_Segment_001_of_OPO_Ground_Lease_\(2013\)_RA.action](http://www.gsa.gov/portal/mediaId/233123/fileName/Part_Two_of_Segment_001_of_OPO_Ground_Lease_(2013)_RA.action)), p. 99.

⁸ Nolan D. McCaskill and Madeline Conway, “Bahrain to host event at Trump’s D.C. hotel, raising ethical concerns,” *Politico* (November 29, 2016).

takes office, payments from these foreign governments to entities owned by President-elect Trump's would likely result in a violation of the Emoluments Clause prohibition of payments from foreign governments.⁹

Immediately following his election, a lawyer for President-elect Trump stated he was "not interested in [his] company anymore" and vowed to disentangle himself from his financial assets by setting up a "blind trust"—but indicated that he intends to transfer control of his company to his three oldest children, which does not meet the definition of a qualified blind trust.¹⁰ President-elect Trump has recently announced that he will soon leave his "business in total" and provide additional information on December 15, 2016. While the details of this announcement remain unclear, any financial arrangement that places President-elect Trump or his children in charge of the Trump International Hotel will still result in a conflict of interest for GSA as it manages a lease agreement that financially benefits the President.

Despite the execution of the lease agreement nearly three years ago and the announcement of President-elect Trump's candidacy in June 2015, we are not aware that GSA has engaged in advanced planning to avoid real or perceived conflicts of interest involving the Old Post Office Building lease agreement. GSA has only recently stated that "[p]rior to Mr. Trump taking the oath of office, GSA plans to coordinate with the Office of Government Ethics (OGE) and the President-elect's transition team to allow a plan to be put in place to identify and address and potential conflicts of interest relating to the Old Post Office building."¹¹ However, GSA needs to provide assurances to the American people that your agency will take whatever steps are necessary to protect taxpayer dollars and avoid any conflicts of interests.

To better understand the specific steps that the GSA is taking to address these issues, please provide the following information by December 9, 2016:

1. What guidance has the OGE provided to GSA officials on how to minimize conflicts of interest surrounding the lease agreement?
2. Has GSA received any advice from entities other than the OGE or developed internal guidance? If so, what actions does this advice or guidance dictate?

⁹ Jonathan O'Connell and Mary Jordan, "For Foreign Diplomats, Trump Hotel is Place to Be," *Washington Post* (November 18, 2016) (online at https://www.washingtonpost.com/business/capitalbusiness/2016/11/18/9da9c572-ad18-11e6-977a-1030f822fc35_story.html).

¹⁰ Mark Hensch, "Trump org exec: 'Trump 'not interested' in businesses now," *The Hill* (November 10, 2016) (online at <http://thehill.com/blogs/ballot-box/presidential-races/305374-trump-org-exec-trump-not-interested-in-businesses-now>); Darren Samuelsohn, "Trump's kids to run businesses via 'blind trust,' Trump attorney says," *Politico* (November 10, 2016) (online at <http://www.politico.com/story/2016/11/trump-children-business-blind-trust-2311790>); Darren Samuelsohn, "Trump's kids to run businesses via 'blind trust,' Trump attorney says," *Politico* (November 10, 2016) (online at <http://www.politico.com/story/2016/11/trump-children-business-blind-trust-2311790>).

¹¹ Aram Roston, "Federal Agency Doing Business With Trump Is Trying To Avoid A Massive Conflict Of Interest," *Buzzfeed News* (November 11, 2016) (online at https://www.buzzfeed.com/aramroston/federalagencyinbusinesswithtrump?utm_term=.vm5RgdjbX#.pp57rBNO5).

3. What steps, since President-elect Trump announced his candidacy for president in August 2015, has the GSA taken to investigate potential conflicts of interest with the Trump Hotel Lease?
4. Legal experts from both Democratic and Republican Administrations argue that Mr. Trump, as President, must divest his hotel-related assets, or place them in a qualified blind trust, to avoid conflicts of interest related to this hotel.¹² Should President-elect Trump refuse to do so, refuse to follow the advice of OGE, or place his company under the control of his children, what actions will the GSA take to address potential conflicts of interest from its lease with Trump Old Post Office, LLC?

In addition to a prompt response to these questions, please provide our staffs with a briefing on this topic during the week of December 12, 2016. [REDACTED]

[REDACTED] Thank you very much for your attention to this matter.

With best personal regards, we are

Sincerely yours,


Elizabeth Warren
United States Senator


Tom Carper
United States Senator
Ranking Member
Committee on Homeland Security
and Governmental Affairs

¹² Steven L. Schooner and Daniel I. Gordon, "Trump leases his D.C. hotel from a government agency he'll soon be in charge of," *Washington Post* (November 15, 2016) (online at https://www.washingtonpost.com/posteverything/wp/2016/11/15/trump-needs-to-give-up-his-trump-hotel-lease-right-now/?utm_term=.77bea306839e); Bernard Condon, "Lawyers: Trump Has to Sell DC Hotel Before Taking Office," *ABC News* (December 1, 2016) (online at <http://abcnews.go.com/Business/wireStory/lawyers-trump-sell-dc-hotel-taking-office-43894344>).