Congress of the United States

House of Representatives

COMMITTEE ON OVERSIGHT AND REFORM 2157 RAYBURN HOUSE OFFICE BUILDING WASHINGTON, DC 20515-6143

> MAJORITY (202) 225–5051 MINORITY (202) 225–5074 https://oversight.house.gov

February 17, 2022

The Honorable Robin Carnahan Administrator General Services Administration 1800 F Street, N.W. Washington, D.C. 20405

Dear Administrator Carnahan:

We are concerned about several new developments related to former President Trump's lease for the Old Post Office Building, which former President Trump and his company entered into in 2013 and held throughout his presidency. New information, including that former President Trump may have submitted inaccurate financial information to the federal government to obtain this lease and that he stands to reap millions in profit from selling the lease, reinforce the serious ethical and legal concerns previously raised by the Committee.¹

First, the General Services Administration (GSA) recently informed the Committee that it has begun a 45-day review of the Trump Organization's plans to sell the lease for the Old Post Office Building in Washington, D.C., to a Miami-based investor group for \$375 million, which appears to represent a significant premium over market rates. If approved by GSA, the sale would yield a profit of approximately \$100 million to the Trump Organization, of which approximately \$76 million would flow to former President Trump based on his continuing ownership stake in the Trump International Hotel, Washington, D.C. (Trump Hotel).²

¹ See, e.g., Letter from Chairwoman Carolyn B. Maloney, Committee on Oversight and Reform, and Chairman Gerald E. Connolly, Subcommittee on Government Operations, Committee on Oversight and Reform, to Administrator Robin Carnahan, General Services Administration (Oct. 8, 2021) (online at https://oversight.house.gov/sites/democrats.oversight.house.gov/files/2021-10-08.CBM%20GEC%20to%20Carnahan-GSA%20re%20Old%20Post%20Office%20Building%20Lease.pdf); Letter from Chairman Elijah E. Cummings, Committee on Oversight and Reform, and Chairman Gerald E. Connolly, Subcommittee on Government Operations, Committee on Oversight and Reform, to Administrator Emily Murphy, General Services Administration (Apr. 12, 2019) (online at https://oversight.house.gov/sites/democrats.oversight.house.gov/files/2019-04-12.EEC%20and%20GEC%20to%20GSA%20re%20Trump%20Hotel.pdf).

² Reports: Trump Selling DC Hotel to Investment Firm for \$375M, Associated Press (Nov. 15, 2021) (online at https://apnews.com/article/donald-trump-lifestyle-business-travel-d80b9 1a8425365a23d0786127ecdef80); Why Would Anyone In Their Right Mind Pay \$370 Million for Trump 's D.C. Hotel?, Forbes (Oct. 13, 2021) (online at www.forbes.com/sites/danalexander/2021/10/13/why-would-anyone-in-their-right-mind-pay-370-million-for-trumps-dc-hotel/?sh=46930201208b); Trump Organization Formally Notifies GSA of Proposed Sale of DC Hotel, CNN (Dec. 14, 2021) (online at www.cnn.com/2021/12/14/politics/trump-hotel-dc-sale-gsa-review/index.html); Trump Could Pocket \$100 Million in Deal for Money-Losing D.C. Hotel, Washington Post (Dec. 2, 2021) (online at www.washingtonpost.com/business/2021/12/02/trump-profit-hotel-sale/); see also Letter from Adam L. Rosen, Trump Old Post Office LLC, to Kevin Terry, General Services Administration (Jan. 11, 2017) (online at

Second, according to recent court filings, former President Trump's longtime accounting firm, Mazars USA LLP (Mazars), terminated its relationship with former President Trump and the Trump Organization following long-running scrutiny by the Committee and other investigators. Mazars served as the auditor for the Trump Hotel, but the accounting firm has stated that it has "reached the point such that there is a non-waivable conflict of interest with the Trump Organization" and that Mazars is "not able to provide any new work product to the Trump Organization." Mazars advised that ten years' worth of financial statements prepared for former President Trump—referred to as Statements of Financial Condition—"should no longer be relied upon" and that the Trump Organization "should inform any recipients thereof who are currently relying upon one or more of those documents that those documents should not be relied upon."³

As part of his bid to win the Old Post Office Building lease, former President Trump submitted three years' worth of Statements of Financial Condition, all compiled by Mazars, to GSA. As the Committee previously explained, those statements appear to be "incomplete, misleading, and in violation of the express terms of the solicitation" given significant omissions in former President Trump's listed assets and liabilities. Although the financial statements that former President Trump submitted to GSA preceded the ten years of statements that Mazars has now retracted, the earlier statements submitted to GSA contain potential misrepresentations about former President Trump's assets that are similar to those identified by state investigators. 5

In light of these new revelations, including further evidence that the former President submitted at least one financial statement with possible material misrepresentations to GSA, we request that you consider terminating the Old Post Office Building lease to former President Trump and the Trump Organization under the authority provided in Article 27 of the lease, and end, once-and-for-all, the grave damage this inappropriate lease has done to presidential ethics and integrity in government contracting. ⁶

 $www.gsa.gov/cdnstatic/Contracting_Officer_Letter_March_23__2017_Redacted_Version.pdf) (showing Trump\ Hotel ownership).$

³ Letter from William J. Kelly, Mazars USA LLP, to Alan Garten, Executive Vice President and Chief Legal Officer, The Trump Organization (Feb. 9, 2022), New York v. The Trump Organization, No. 451685/2020 (N.Y. Sup. Ct. Feb. 14, 2022), NYSCEF No. 646 (online at https://iapps.courts.state.ny.us/nyscef/ViewDocument?docIndex=KBtrXdSMDOM/z_PLUS_toDnNAjw=); see also Accounting Firm Cuts Ties with Trump and Retracts Financial Statements, New York Times (Feb. 14, 2022) (online at www.nytimes.com/2022/02/14/nyregion/mazars-trump-organization-financial-statements.html).

⁴ Letter from Chairwoman Carolyn B. Maloney, Committee on Oversight and Reform, and Chairman Gerald E. Connolly, Subcommittee on Government Operations, Committee on Oversight and Reform, to Administrator Robin Carnahan, General Services Administration (Oct. 8, 2021) (online at https://oversight.house.gov/sites/democrats.oversight.house.gov/files/2021-10-08.CBM%20GEC%20to%20Carnahan-GSA%20re%20Old%20Post%20Office%20Building%20Lease.pdf).

⁵ Supplemental Verified Petition, *New York v. The Trump Organization*, No. 451685/2020 (N.Y. Sup. Ct. Jan. 18, 2022), NYSCEF No. 358 (online at https://ag.ny.gov/sites/default/files/supplemental-verified-petition-2022-01-18.pdf).

⁶ 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), Article XXVII Default; Rights on Certa in Terminations Events (Aug. 5, 2013) (online at www.gsa.gov/cdnstatic/Part One of Segment 001 of OPO Ground Lease %282013%29 RA.pdf).

Recent Revelations Related to President Trump's Accounting Firm Mazars

On October 8, 2021, we wrote to you raising concerns over the Old Post Office Building lease, including the discovery that former President Trump submitted to GSA three years of Statements of Financial Condition compiled by Mazars as part of his bid to win the lease. The Committee explained that the President's submissions concealed certain debts from GSA and contained numerous accounting weaknesses and deficiencies.⁷

New developments have raised additional concerns. Recent court filings allege that former President Trump misrepresented certain financial information to lenders and government entities when seeking loans or other approvals. For instance, as part of a New York State civil investigation, it has been alleged that Statements of Financial Condition that former President Trump and the Trump Organization submitted to Deutsche Bank and the federal government were "inaccurate or misleading to a reader when compared with the supporting data and documentation that the Trump Organization submitted to Mazars." That investigation has also revealed that several years' worth of Statements of Financial Condition compiled by Mazars were allegedly deficient in numerous ways, including that they:

- "Misstated objective facts, like the size of Mr. Trump's Trump Tower penthouse;"
- "Miscategorized assets outside Mr. Trump's or the Trump Organization's control as 'cash,' thereby overstating his liquidity;"
- "Misstated the process by which Mr. Trump or his associates reached valuations;"
- "Failed to use fundamental techniques of valuation, like discounting future revenues and expenses to their present value;"
- "Misstated the purported involvement of 'outside professionals' in reaching the valuations;" and
- "Failed to advise that certain valuation amounts were inflated by an undisclosed flat percentage for brand value, despite express language on the Statements asserting that the value of Mr. Trump's brand was not reflected [in] the Statements pursuant to generally accepted accounted principles ('GAAP')."9

⁷ Letter from Chairwoman Carolyn B. Maloney, Committee on Oversight and Reform, and Chairman Gerald E. Connolly, Subcommittee on Government Operations, Committee on Oversight and Reform, to Administrator Robin Carnahan, General Services Administration (Oct. 8, 2021) (online at https://oversight.house.gov/sites/democrats.oversight.house.gov/files/2021-10-08.CBM%20GEC%20to%20Carnahan-GSA%20re%20Old%20Post%20Office%20Building%20Lease.pdf).

⁸ Supplemental Verified Petition, *New York v. The Trump Organization*, No. 451685/2020 (N.Y. Sup. Ct. Jan. 18, 2022), NYSCEF No. 358 (online at https://ag.ny.gov/sites/default/files/supplemental-verified-petition-2022-01-18.pdf).

These allegations cast serious doubt on at least two Mazars Statements of Financial Condition relevant to the Old Post Office Building lease: (1) the 2010 Statement of Financial Condition that former President Trump submitted to GSA as part of his bid for the lease and (2) the 2013 Statement of Financial Condition that former President Trump was required to submit to Deutsche Bank as part of his personal guarantee of the \$170 million construction loan for the Trump Hotel. ¹⁰

The Committee previously alerted you about misleading information in the 2010 Statement of Financial Condition, including the omission of hundreds of millions of dollars in debt. ¹¹ The new allegations by state investigators have highlighted further potential misrepresentations in this document, including former President Trump's inflated valuations of two marquee properties in New York City: 40 Wall Street and Trump Park Avenue. These alleged misrepresentations provide additional evidence that former President Trump misled GSA in his bid for the Old Post Office Building lease. State investigators have also alleged inflated valuations of the 40 Wall Street and Trump Park Avenue properties in the 2013 Statement of Financial Condition, as well as inflated valuations for a number of other properties including the former President's Seven Springs Estate. When asked to explain various aspects of the 2013 valuations for the Seven Springs Estate, Eric Trump allegedly invoked his Fifth Amendment privilege. ¹²

In addition, evidence that from at least 2013 through 2020 former President Trump's Statements of Financial Condition "reported cash amounts in partnership entities Mr. Trump did not control as Mr. Trump's own liquidity," may call into question former President Trump's certifications to GSA regarding his "Liquid Net Worth" and "Liquid Assets" in connection with his personal guarantees under the lease. ¹³ The lease requires that "all certificates, reports, affidavits, financial statements, and similar written documents" former President Trump submitted to GSA be "true, correct, accurate and complete in all material respects." ¹⁴

¹⁰ Draft Loan Agreement by and between Trump Old Post Office LLC as Borrower and Deutsche Bank Trust Company Americas as Lender, Section 6.1.(a)(xvii), Guarantor's Information (online at https://oversight.house.gov/sites/democrats.oversight.house.gov/files/Trump%20Old%20Post%20Office%20Deutsche%20Bank%20Loan%20Agreement%20%28Excerpt%29.pdf) (a ccessed Feb. 16, 2022).

¹¹ Letter from Chairwoman Carolyn B. Maloney, Committee on Oversight and Reform, and Chairman Gerald E. Connolly, Subcommittee on Government Operations, Committee on Oversight and Reform, to Administrator Robin Carnahan, General Services Administration (Oct. 8, 2021) (online at https://oversight.house.gov/sites/democrats.oversight.house.gov/files/2021-10-08.CBM%20GEC%20to%20Carnahan-GSA%20re%20Old%20Post%20Office%20Building%20Lease.pdf).

 $^{^{12}}$ Supplemental Verified Petition, New York v. The Trump Organization, No. 45 1685/2020 (N.Y. Sup. Ct. Jan. 18, 2022), NYSCEF No. 358 (online a thttps://ag.ny.gov/sites/default/files/supplemental-verified-petition-2022-01-18.pdf); Donald J. Trump Statement of Financial Condition (June 30, 2010) (online at https://oversight.house.gov/sites/democrats.oversight.house.gov/files/Selected%20Documents%20Related%20to%20GSA%20Lease%20for%20Old%20Post%20Office%20Building%20Part%201.pdf#page=46).

¹³ Id.; e.g., Donald J. Trump Certificate of Financial Status (Aug. 5, 2013) (online at www.gsa.gov/cdnstatic/Trump_-_Certificate_of_Financial_Status_-_DJT_%28Guarantor%29_-_August_2013.pdf); Donald J. Trump Certificate of Financial Status (Feb. 5, 2015) (online at www.gsa.gov/cdnstatic/Trump_-_Certificate_of_Financial_Status_-_DJT_%28Guarantor%29_-_February_2015.pdf).

¹⁴ 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), Section 37.32, Accuracy of Written Reports (Aug. 5, 2013) (online at

Submitting false financial statements or certifications to GSA in connection with the lease may constitute a breach of the lease terms on which GSA could terminate the lease.¹⁵

President Trump's Planned Sale of Lease at Potentially Above-Market Rates

According to reports, the Trump Organization intends to sell the lease for the Trump Hotel to Miami-based CGI Merchant Group for \$375 million. ¹⁶ On December 14, 2021, the Trump Organization formally notified GSA of its proposed sale of the lease. ¹⁷ On February 8, 2022, GSA notified the Committee that, as of February 1, 2022, a 45-day period had begun for GSA to review the proposed sale and decide whether to approve it under the terms of the lease. ¹⁸

The Committee has long focused on the serious conflicts of interest posed by then-President Trump's continued lease of the Trump Hotel from the federal government during his presidency. Although the sale of former President Trump's lease of the Old Post Office Building may appear to address some of those conflicts, commentators have raised concerns that the \$375 million sale price is at least \$100 million above market value. This sales price would provide a profit of approximately \$100 million for the Trump Organization, even accounting for the Trump Organization's prior investments into the property.

The sources of funding for the \$375 million purchase by CGI Merchant Group have not been fully disclosed. In August 2020, CGI announced it was launching a \$500 million fund

www.gsa.gov/cdnstatic/Part_Two_of_Segment_001_of_OPO_Ground_Lease_%282013%29_RA.pdf); see also id., Section 37.15(f), Reporting ("All statements, reports, and other documents delivered by Tenant pursuant to this Lease (including but not limited to Section 5.3) shall be true and accurate in all material respects and fairly present the condition or information required thereby.").

¹⁵ 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), Section 27.1(b), Non-Monetary Breach (Aug. 5, 2013) (online at online at www.gsa.gov/cdnstatic/Part One of Segment 001 of OPO Ground Lease %282013%29 RA.pdf).

¹⁶ Trump Organization Formally Notifies GSA of Proposed Sale of DC Hotel, CNN (Dec. 14, 2021) (online at www.cnn.com/2021/12/14/politics/trump-hotel-dc-sale-gsa-review/index.html).

¹⁷ *Id*.

¹⁸ See 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), 15.3 Assignment of Lease; Sublease of All or Substantially All of the Premises to a Qualified Transferee (Aug. 5, 2013) (online at www.gsa.gov/cdnstatic/Part_One_of_Segment_001_of_OPO_Ground_Lease_%282013%29_RA.pdf).

¹⁹ E.g., Committee on Oversight and Reform, Press Release: Committee Uncovers Evidence that Trump Concealed Millions in Losses, Hid Debts, and Received Millions from Foreign Governments at Trump Hotel (Oct. 8, 2021) (online at https://oversight.house.gov/news/press-releases/committee-uncovers-evidence-that-trump-concealed-millions-in-losses-hid-debts).

²⁰ E.g., Reports: Trump Selling DC Hotel to Investment Firm for \$375M, Associated Press (Nov. 15, 2021) (online at https://apnews.com/article/donald-trump-lifestyle-business-travel-d80b91a8425365a23d0786127ecdef80); Why Would Anyone In Their Right Mind Pay \$370 Million for Trump's D.C. Hotel?, Forbes (Oct. 13, 2021) (online at www.forbes.com/sites/danalexander/2021/10/13/why-would-anyone-in-their-right-mind-pay-370-million-for-trumps-dc-hotel/?sh=46930201208b).

²¹ Trump Could Pocket \$100 Million in Deal for Money-Losing D.C. Hotel, Washington Post (Dec. 2, 2021) (online at www.washingtonpost.com/business/2021/12/02/trump-profit-hotel-sale/).

called CGI Hospitality Opportunity Fund to invest in "distressed and value-add hotels in North America and the Caribbean that would be branded as Hilton properties."²² This fund, or a related one, may be financing the purchase of the lease, but the identities of many of the investors in the fund—which may number in the hundreds—remain largely unknown.²³

Compounding our concerns, the Committee has learned that GSA's review of the proposed sale may be limited under the terms of the lease. As part of this review, GSA is only required by the lease to determine whether the proposed buyer is a "Qualified Transferee." This determination is based on the proposed buyer's financial capacity to meet lease obligations, as well as other factors such as its business reputation, experience in owning and operating full service hotels, and capability to manage properties of historical significance.²⁴

New Information on Deutsche Bank Loan Highlights Lack of Transparency

The Committee has also uncovered new information about the lack of transparency surrounding the lease. Specifically, the Committee has obtained from GSA portions of an August 12, 2014, agreement between Deutsche Bank and the Trump Organization for the \$170 million loan to finance the construction of the Trump Hotel. 25 To obtain the loan, it appears that Deutsche Bank required former President Trump, in his capacity as guarantor, to provide both a Statement of Financial Condition prepared as of June 30, 2013, and the first two pages of recently filed tax returns. However, Deutsche Bank apparently agreed that:

the first two (2) pages of the recent filed tax returns and his liquidity statements may only be reviewed at the offices of Guarantor in New York, New York, but Lender may not make any copies of such tax return pages or take same with them.²⁶

²² CGI Plans \$500M Fund to Acquire Distressed Hotels, Rebrand with Hilton, The Real Deal (Aug. 19, 2020) (online at https://therealdeal.com/2020/08/19/hilton-and-cgi-plan-500m-fund-to-acquire-distressed-hotels/).

²³ The identities of two investors, former New York Yankees player Alex Rodriguez and Adi Chugh of the private equity firm Maverick CP, have been publicly reported. *E.g.*, *CGI Merchant Group CO-GP's with A-Rod Corp and Joint Venture Partner Adi Chugh of Maverick CP in Its* \$650 Million Hospitality Fund, PR Newswire (Dec. 15, 2020) (online at www.prnewswire.com/news-releases/cgi-merchant-group-co-gps-with-a-rod-corp-and-joint-venture-partner-adi-chugh-of-maverick-cp-in-its-650-million-hospitality-fund-301193054.html); *Alex Rodriguez Is Part of Investment Group Trying to Buy Trump's D.C. Hotel for* \$375 Million, Daily Mail (Feb. 14, 2022) (online at www.dailymail.co.uk/news/article-10511809/Alex-Rodriguez-investment-group-trying-buy-Trumps-D-C-hotel-375-MILLION.html).

²⁴ 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), Section 1.1 "Qualified Transferee" (Aug. 5, 2013) (online at www.gsa.gov/cdnstatic/Part_One_of_Segment_001_of_OPO_Ground_Lease_%282013%29_RA.pdf) (accessed Feb. 16, 2022).

²⁵ According to information provided by GSA to the Committee, although former President Trump listed Colony Capital as a significant financial partner and equity investor in his proposal for the GSA lease, the Trump Organization informed GSA that Colony Capital withdrew from the deal in February 2013—after the Trump Organization won the lease. The GSA ground lease was nonetheless executed in August 2013, and the loan with Deutsche Bank was executed in August 2014—one year later.

²⁶ Draft Loan Agreement by and between Trump Old Post Office LLC as Borrower and Deutsche Bank Trust Company Americas as Lender, Section 6.1.(a).(xvii), Guarantor's Information (online at https://oversight.house.gov/sites/democrats.oversight.house.gov/files/Trump%20Old%20Post%20Office%20Deutsc

The Honorable Robin Carnahan Page 7

Former President Trump's 2013 Statement of Financial Condition is among the statements that Mazars recently disavowed.²⁷

It is unclear why Deutsche Bank appeared to agree to limit its access to former President Trump's financial information when providing him with a \$170 million loan and what additional information the bank obtained from former President Trump as part of its due diligence. It also is not clear whether former President Trump has followed Mazars' instructions and provided the bank with notice about the unreliability of the Mazars statements, and, if he has, what action the bank has taken or plans to take with respect to the hundreds of millions of dollars of outstanding loans that former President Trump has with Deutsche Bank.²⁸ In any event, these loan terms appear to show the lengths to which former President Trump went to limit access to information about his financial affairs.

Committee's Request

Given the longstanding ethical questions and concerning new developments surrounding former President Trump's lease of the Old Post Office Building, we call on GSA to consider terminating the lease by exercising its authority under Article 27 of the lease.²⁹ No one should be rewarded for providing false or misleading information to the federal government or for seeking to profit off the presidency.

The Committee on Oversight and Reform is the principal oversight committee of the House of Representatives and has broad authority to investigate "any matter" at "any time" under House Rule X. If you have any questions, please contact Committee staff at (202) 225-5051.

he%20Bank%20Loan%20Agreement%20%28Excerpt%29.pdf) (accessed Feb. 16, 2022). The Committee has a lso received a final, signed version of the loan agreement from GSA dated as of August 12, 2014, but GSA's copy is incomplete, in that portions of each page are cut off. The language quoted above appears to be the same in the draft and the final.

²⁷ Letter from William J. Kelly, Mazars USA LLP, to Alan Garten, Executive Vice President and Chief Legal Officer, The Trump Organization (Feb. 9, 2022), New York v. The Trump Organization, No. 451685/2020 (N.Y. Sup. Ct. Feb. 14, 2022), NYSCEF No. 646 (online at https://iapps.courts.state.ny.us/nyscef/ViewDocument?docIndex=KBtrXdSMDOM/z PLUS toDnNAjw=).

²⁸ See, e.g., Federal Reserve Bank Board of Governors, Commercial Bank Examination Manual (May 2021) (online at www.federalreserve.gov/publications/files/cbem.pdf) ("The bank's written loan policy should detail the minimum acceptable amount of information to be included in a borrower's credit file. ... [I]nformation should be on file relating to and/or analyzing the borrower's financial condition, including tax returns as appropriate."); see also Mazars Exit Could Leave Trump Org. In Breach of Loan Agreements, CFO Dive (Feb. 15, 2022) (online at www.cfodive.com/news/mazars-exit-could-leave-trump-org-in-breach-of-loan-agreements/618888/).

²⁹ 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), Article XXVII Default; Rights on Certa in Terminations Events (Aug. 5, 2013) (online at www.gsa.gov/cdnstatic/Part_One_of_Segment_001_of_OPO_Ground_Lease_%282013%29_RA.pdf). Ethics experts and commentators have previously called on GSA to terminate the lease for President Trump's breach of the conflict-of-interest provision. See, e.g., GSA's Trump Hotel Lease Debacle, Government Executive (Nov. 28, 2016) (online at www.govexec.com/management/2016/11/gsas-trump-hotel-lease-debacle/133424/); Letter from Executive Director Noah Bookbinder, Citizens for Responsibility and Ethics in Washington, to Administrator Denise Turner Roth, General Services Administration (Jan. 20, 2017) (online at www.citizensforethics.org/wp-content/uploads/legacy/2017/04/GSA-Old-Post-Office-lease-1-20-17.pdf).

Sincerely,

Carolyn B. Maloney

Chairwoman

Committee on Oversight and Reform

Gerald E. Connolly

Chairman

Subcommittee on Government Operations

cc: The Honorable James Comer, Ranking Member Committee on Oversight and Reform

The Honorable Jody Hice, Ranking Member Subcommittee on Government Operations