

Trump leases his D.C. hotel from a government agency he'll soon be in charge of

It's an enormous conflict of interest. He ought to give it up immediately.

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In 2013, the General Services Administration leased Washington's historic Post Office Pavilion to the Trump Organization for \$180 million. Before his inauguration on Jan. 20, the GSA must terminate the Organization's lease. The 60-year deal presents unprecedented and intolerable conflicts of interest. Swift action by GSA is necessary to protect the integrity of the federal government contracting process.

The federal procurement system has a 200-year record of transparency and integrity. As part of the protection of the contracting process from corruption, federal contracting regulations mandate that "government business shall be conducted in a manner above reproach ... to avoid ... even the appearance of a conflict of interest in Government-contractor relationships."

The regulations are often quite specific. One example is the government's longstanding prohibition on entering into contracts with federal employees. The prohibition extends to any "business concern or other organization owned or substantially owned or controlled by one or more Government employees." The policy is designed to avoid any conflict of interest "that might arise between the employees' interests and their Government duties, and to avoid the appearance of favoritism or preferential treatment."

The Trump Organization's lease with GSA includes similar language, stating that "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."

The Post Office Pavilion lease is between GSA — whose administrator President-Elect Trump will appoint — and Trump's company. It's a casebook example of both the appearance of a significant conflict of interest and an intolerable intermingling of Trump's official governmental duties and his and his family's personal financial interests. The 60-year agreement will require significant annual disclosure of financial information and regular re-negotiations of rent and other payments from the Trump Organization to the U.S. Government. Just imagine the president's children (who have now been named members of the presidential transition team) with a career civil servant who reports to the president's appointed head of GSA. Any reasonable person would worry about the undue pressures and the inherent risk of favoritism that the government might show to such a well-connected contractor.

Trump's lawyers defend the president-elect's right to maintain the lease. Trump has suggested he would step down before taking office, turning the company over to his children, Donald, Jr., Ivanka and Eric. But Trump's adult children have been named to the president-elect's transition team, thus eliminating any independence or "walling off" that might exist in other circumstances. And even if they don't end up in the administration, having the president's adult children negotiate with the staff of the president's appointee at GSA presents what any reasonable person would view as the appearance of a conflict of interest. (This common-sense "reasonable person" test is frequently used to assess conflicts of interest).

They also note that the president is exempt from many of the ethics rules that apply to other government employees. But the concern here isn't about what the president may or may not do. It's about what's right. By keeping the lease, Trump puts his own employees in an untenable situation guaranteed to undermine the integrity — and the perception — of the procurement process.

In a perfect world, Trump and the GSA would negotiate a mutually agreeable termination and transfer to an unrelated firm.

Nothing, however, suggests that Trump appreciates the need to do so. As a result, GSA must take unilateral action. Unlike almost every other federal government contract, the Trump hotel lease explicitly prohibits GSA from exercising its longstanding, well-established, congressionally mandated right to unilaterally terminate contracts. Accordingly, the agency may need to breach the contract, in order to avoid an unacceptable situation presenting itself once Trump becomes President Trump. The result may well be that the government will be liable for money damages. And, of course, the president-elect's Trump Organization may sue GSA. Either way, it's a price worth paying to preserve the integrity of our government and its contracting system. The faster GSA ends its business relationship with the Trump Organization, the better.