

Congress of the United States
Washington, DC 20515

April 3, 2018

Mr. Arthur A. Elkins, Jr
Inspector General
Environmental Protection Agency
Washington, D.C. 20004

Dear Inspector General Elkins:

Thank you for your service. We are writing to request you investigate allegations that EPA Administrator Scott Pruitt received a below market rate condominium lease from Vicki and Steven Hart, both of whom are lobbyists. Mr. Hart, who is Chairman of the firm Williams & Jensen, also lobbies on issues over which the EPA has jurisdiction. We also request you investigate possible misconduct surrounding a recent EPA Office of General Counsel after-the-fact ethics justification of the below-market lease that was facially misleading. We believe this Ethics Office opinion merits additional, and independent, review. Specifically, we want to know if Mr. Kevin Minoli – EPA Principal Deputy General Counsel – intentionally wrote a statement that he knew was misleading and whether he was pressured by Administrator Pruitt or anyone else to do so.

Administrator Pruitt received a six-month, short-term lease for a condominium approximately one block away from the Capitol from lobbyists Steven and Vicki Hart. The unusual short-term lease allowed Administrator Pruitt access on demand to the furnished condo, but he only had to pay on the days that he used the condo at the rate of just \$50 a day. The lease also allowed his daughter to stay at the condo, apparently in a second bedroom. Had Administrator Pruitt stayed every day at the condo, he would have paid \$1,500 per month. That is far less than comparable market rents for condominiums within walking distance of the Capitol. ABC reports a comparable lease went for as high as \$5,000 a month.¹ A cursory search on Zillow.com shows comparable leases range from \$2,600 to over \$5,000 in the same general area.

But Administrator Pruitt didn't pay \$1,500 a month. He paid far less because the unusual lease allowed him to have the condo on demand but he only had to pay for the days he stayed at the condo. Over a period of six months, Administrator Pruitt paid only a total of \$6,100 for the furnished condo.² This is far below market value and, as such, would constitute an impermissible gift under federal regulations.³ If the below market lease was given to Administrator Pruitt with the intent to curry favor with him on an issue important to lobbyists Mr. and Mrs. Hart, then it could also be a violation of 18 U.S.C. Section 201.⁴ In fact, according to recent reports, the EPA approved the pipeline expansion plan of a Canadian energy company who employed Mr. Hart as a lobbyist at the same time Mr. Pruitt was leasing his condo at a below-market rate.⁵

¹ John Santucci, Matthew Mosk, and Stephanie Ebbs, "EXCLUSIVE: EPA chief Pruitt joined by family in condo tied to lobbyist 'power couple,'" *ABC News*, March 31, 2018.

² Ryan Grenoble, "Everything You Need To Know About Scott Pruitt's Condo," *Huffington Post*, March 30, 2018.

³ Miranda Green, "Former ethics officials concerned over Pruitt's room rental from lobbyist," *The Hill*, March 30, 2018.

⁴ *Ibid.*

⁵ Eric Lipton, "Pruitt Had a \$50-a-Day Condo Linked to Lobbyists. Their Client's Project Got Approved," *New York Times*, April 2, 2018.

As previously mentioned, EPA official Kevin Minoli wrote a retroactive ethics opinion on March 30, 2018, that \$1,500 a month was a reasonable rate. That is false. To determine what would be fair market value, one needs to look at "comparable leases."⁶ According to reports, Mr. Pruitt was the only lessee in the three-story, multiple-bedroom condo unit.⁷ As set forth above, comparable leases range from \$2,600 to over \$5,000 per month for a furnished condo within walking distance of the Capitol. In addition, all the comparable leases require the tenant to pay for the entire month regardless of how many days the tenant happens to stay at the condo, and are 12 month leases. Administrator Pruitt did not pay \$1,500 per month for 12 months; he paid far less, even though the condo was required to be open to him at any time. The unusual, short-term sweetheart deal that Administrator Pruitt received from Mr. and Mrs. Hart was not just far below market rate, the terms were so skewed in Pruitt's favor that such a lease doesn't even exist on the market for an ordinary citizen.

Additionally, the Office of the General Counsel's memorandum explicitly states, "The lease authorized use by the Administrator and his immediate family, specifically including his spouse and children, and consistent with that provision of the lease his immediate family did stay there when they were in Washington, DC." This directly contradicts statements made by Vicki Hart, co-owner of the condo, who told ABC News, "The rental agreement was with Scott Pruitt... if other people were using the bedroom or the living quarters, I was never told, and I never gave him permission to do that."⁸

The OGE decision and Hart's statements cannot simultaneously be true. This discrepancy is further evidence of the need for the EPA Inspector General to conduct an investigation to determine if misconduct or mismanagement led to said OGE decision, and whether the Ethics Office was influenced in any improper manner.

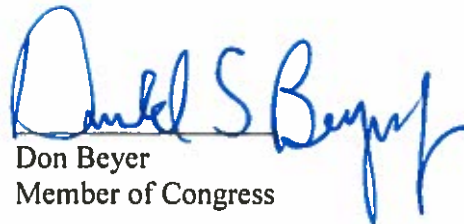
Lastly, on March 29, 2017, officials broke down the door of the condo thinking Administrator Pruitt was unresponsive when in fact he was just taking a nap.⁹ Taxpayers ended up paying \$2,460 to the condo association to fix the door. As part of any Inspector General investigation, we request the Inspector consider possible waste or fraud associated with the decision to lay this cost at the taxpayer's feet, rather than charge Administrator Pruitt personally.

Thank you for your attention to these matters.

Sincerely,



Ted W. Lieu
Member of Congress



Don Beyer
Member of Congress

⁶ Merb Myers, "Determining Fair Market Rental Value," National Real Estate Investor, November 1, 2000.

⁷ Santucci, *ABC News*.

⁸ *Ibid*

⁹ John Santucci, Matthew Mosk, and Stephanie Ebbs, "Pruitt's EPA paid for lobbyist's condo door after security busted it," *ABC News*, March 31, 2018.