



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

Washington, D.C. 20460

MAR 30 2018

OFFICE OF
GENERAL COUNSEL

MEMORANDUM

SUBJECT: Review of Lease Agreement Under the Federal Ethics Regulations Regarding Gifts

FROM: Kevin S. Minoli *KS*
Designated Agency Ethics Official &
Principal Deputy General Counsel

TO: Matthew Z. Leopold
General Counsel

As requested, the Ethics Office reviewed the lease agreement entered into by E. Scott Pruitt (TENANT) and Vicki Hart (LANDLORD) under the federal ethics regulations regarding gifts. The regulations issued by the Office of Government Ethics are clear that if a federal employee pays market value for something, it is by definition not a gift under those regulations. 5 C.F.R. 2635.203(b)(10)(excluding from the definition of gift “[a]nything for which market value is paid by the employee”). Market value for rental apartments is commonly thought of in terms of rental cost per month. Under the terms of the lease, if the space was utilized for one 30-day month, then the rental cost would be \$1500, which is a reasonable market value. 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. The lease did not require payment when the property was not utilized. Neither of these two provisions render the rental cost under the lease as something other than market value. Therefore, entering into the lease was consistent with federal ethics regulations regarding gifts, and use of the property in accordance with the lease agreement did not constitute a gift as defined in those regulations.