FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

MAR 23 2012

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Fax: (703) 237-2090

Kenneth F. Boehm, Chairman
National Legal and Policy Center
107 Park Washington Court
Falls Church, VA 22046

RE: MUR 6040

Dear Mr. Boehm:

This is in reference to the complaint you filed with the Federal Election Commission on July 14, 2008, concerning Fourth Lenox Terrace Associates a/k/a Fourth Lenox Terrace Development Associates ("Fourth Lenox"), the Olnick Organization, Inc., Representative Charles B. Rangel, Rangel for Congress and Basil Paterson, in his official capacity as treasurer ("RFC"), and the National Leadership PAC and Basil Paterson, in his official capacity as treasurer ("NLP").

The Commission found that there was reason to believe Fourth Lenox violated 2 U.S.C. § 441a(a)(1)(A) and (C), that Representative Rangel, RFC, and NLP violated 2 U.S.C. § 441a(f), and that RFC and NLP also violated 2 U.S.C. § 434(b), provisions of the Federal Election Campaign Act of 1971, as amended, and conducted an investigation in this matter. On October 4, 2011, the Commission found no reason to believe the Olnick Organization, Inc. violated 2 U.S.C. § 441b(a). On March 20, 2012, conciliation agreements with Fourth Lenox and the Rangel respondents were accepted by the Commission. Accordingly, the Commission closed the file in this matter on March 20, 2012.

Documents related to the case will be placed on the public record within 30 days. *See* Statement of Policy Regarding Disclosure of Closed Enforcement and Related Files, 68 Fed. Reg. 70426 (Dec. 18, 2003) and Statement of Policy Regarding Placing First General Counsel's Reports on the Public Record, 74 Fed. Reg. 66132 (Dec. 14, 2009). Copies of the agreements with Fourth Lenox and the Rangel respondents are enclosed for your information, as well as the Factual & Legal Analysis for the Olnick Organization, Inc.

The Federal Election Campaign Act allows a complainant to seek judicial review of the Commission's dismissal of the Olnick Organization, Inc. *See* 2 U.S.C. § 437g(a)(8). If you have any questions, please contact Marianne Abely or Thomas Andersen, the attorneys assigned to this matter, at (202) 694-1650.

Sincerely,

Peter G. Blumberg
Assistant General Counsel

Enclosures
Conciliation Agreements (2)
Factual and Legal Analysis

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RECEIVED
FEDERAL ELECTION
COMMISSION

BEFORE THE FEDERAL ELECTION COMMISSION

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In the Matter of	)	
	)	MUR 6040
Rangel for Congress and Basil Paterson, in his official capacity as treasurer	)	
National Leadership PAC and Basil Paterson, in his official capacity as treasurer	)	
Representative Charles B. Rangel	)	

OFFICE OF GENERAL
COUNSEL

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CONCILIATION AGREEMENT

This matter was initiated by an externally generated complaint. The Federal Election Commission ("Commission") found reason to believe that Rangel for Congress and Basil Paterson, in his official capacity as treasurer ("RFC"), the National Leadership PAC and Basil Paterson, in his official capacity as treasurer ("NLP") (collectively "the Committees"), and Representative Charles B. Rangel each violated 2 U.S.C. § 441a(f) by accepting excessive in-kind contributions from Fourth Lenox Terrace Associates a/k/a Lenox Terrace Development Assoc. ("Fourth Lenox"). The Commission also found reason to believe that the Committees violated 2 U.S.C. § 434(b) by failing to report the in-kind contributions.

NOW, THEREFORE, the Commission and Respondents, having participated in informal methods of conciliation prior to a finding of probable cause to believe, pursuant to 2 U.S.C. § 437g(a)(4)(A)(i), do hereby agree as follows:

I. The Commission has jurisdiction over Respondents and the subject matter of this proceeding.

II. Respondents have had a reasonable opportunity to demonstrate that no action should be taken in this matter.

III. Respondents voluntarily enter into this agreement with the Commission.

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IV. The pertinent facts in this matter are as follows:

Background

1. RFC is a political committee within the meaning of 2 U.S.C. § 431(4), and is the principal campaign committee of Representative Charles B. Rangel, who represents the 15th Congressional District in New York. NLP is a political committee within the meaning of 2 U.S.C. § 431(4), and is a "Leadership PAC" associated with Rep. Rangel. NLP is registered with the Commission as a non-connected PAC and multicandidate committee. 11 C.F.R. § 100.5(g)(5); *see* Leadership PACs, 68 Fed. Reg. 67,013 (Dec. 1, 2003).

2. Fourth Lenox, a general partnership, owns an apartment building at 40 West 135th Street in New York City ("building"). The building is part of a six-building apartment complex called Lenox Terrace, which is managed on behalf of Fourth Lenox by Hampton Management Company ("Hampton").

3. During the relevant time period, Rep. Rangel and his wife resided in the building in three rent-stabilized apartments located on the 16th floor. In 1996, he signed a two-year lease for a rent-stabilized one-bedroom apartment on the 10th floor of the same building ("Unit 10U" or "apartment 10U"). The Committees began occupying Unit 10U shortly after the lease was signed until October 2008. Rep. Rangel did not reside in Unit 10U and instead used the apartments on the 16th floor as his primary residence.

Applicable Law

4. The Federal Election Campaign Act of 1971, as amended ("the Act"), provides that no person shall make contributions to any candidate and his or her

authorized political committees with respect to any election for federal office which in the aggregate exceed $2,100 for the 2006 election cycle or $2,300 for the 2008 election cycle. 2 U.S.C. § 441a(a)(1)(A). Further, no person shall make contributions to any other political committee in any calendar year, which in the aggregate, exceeds $5,000. 2 U.S.C. § 441a(a)(1)(C). As a partnership, Fourth Lenox could have contributed up to $4,200 to RFC during the 2006 election cycle and $4,600 during the 2008 cycle (primary and general election combined), assuming that any contributions exceeding the primary election limits were properly designated for the general election. 2 U.S.C. § 441a(a)(1)(A); 11 C.F.R. § 110.1(b).

5. Candidates and political committees may not accept contributions which exceed the statutory limitations of section 441a. 2 U.S.C. § 441a(f). All political committees are required to file reports of their receipts and disbursements. 2 U.S.C. § 434(a). These reports must itemize all contributions received from individuals that aggregate in excess of $200 per election cycle. 2 U.S.C. § 434(b); 11 C.F.R. § 104.3(a)(4). Any in-kind contribution must also be reported as an expenditure on the same report. 11 C.F.R. §§ 104.3(b) and 104.13(a)(2).

6. A "contribution" includes "any gift, subscription, loan, advance, or deposit of money or anything of value made by any person for the purpose of influencing any election for federal office." 2 U.S.C. § 431(8)(A)(i). The Commission's regulations provide that "anything of value" includes all in-kind contributions, including the provision of goods or services without charge or at a charge which is less than the usual and normal charge for such goods or services. 11 C.F.R. § 100.52(d)(1). The regulations specifically include facilities as an example of such goods or services. *Id.* The amount of

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the in-kind contribution is the difference between the usual and normal charge for the goods or services at the time of the contribution and the amount charged to the political committee. *Id.* The usual and normal charge for goods means the price of those goods in the market from which they ordinarily would have been purchased at the time of the contribution. 11 C.F.R. § 100.52(d)(2).

Facts

7. Prior to approximately 2004, most of the apartments at Lenox Terrace were rent-stabilized, meaning that they were subject to New York's Rent Stabilization Code, 9 NYCRR Parts 2520-2530 ("Code"), which limited annual rent increases (set by a rent guidelines board) and entitled tenants to have their leases renewed. However, a tenant had to use the stabilized apartment as his or her primary residence in order for it to remain under rent stabilization; in addition, the apartment could be deregulated once the monthly rent reached $2,000 and it was subsequently vacated. The Code sets forth various factors that may be considered in determining whether a tenant remains a primary resident, including whether the tenant occupies the unit for an aggregate of less than 183 days in the most recent calendar year.

8. Starting in approximately 2003, Hampton, on behalf of Fourth Lenox, the landlord, instituted a non-primary residency program ("program") of actively investigating whether tenants of record in rent-stabilized apartments were residing in their units pursuant to the residency criteria set forth in the Code. The main objective of the program was to maximize profits for the landlord by recapturing apartments and possibly increasing the legal rent to $2,000 (through a combination of rent increases

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allowed by the Code) so that the apartments could become deregulated and rented at the market rate.

9. If information showed that the tenant of record had not been using the apartment as his or her primary residence for the most of the prior year or longer, the tenant generally was served with a notice of Fourth Lenox's intent not to renew the lease. The notice – commonly called a "Golub" notice – was required to be sent between 90 and 150 days prior to the expiration of the lease. The Golub notice contained facts supporting non-residency and notified the tenant that Fourth Lenox did not intend to renew the lease at the end of the current term. Fourth Lenox began serving Golub notices on non-primary tenants around the first half of 2003, well before the 2004 Golub period for Unit 10U, which ran from May 31 through July 31, 2004.

10. After receiving a Golub notice, if the tenant did not relinquish the apartment upon the expiration of the lease, Fourth Lenox generally started eviction proceedings by sending a notice to the tenant and filing an eviction action in New York Civil Court. Well before the date that rent-stabilized leases were up for renewal, Hampton provided a list of those tenants to an investigative agency, which then generated a written report with relevant information about each tenant, such as whether public records indicated multiple active addresses. Hampton would also direct inquiries to on-site staff, compare signatures by the purported tenant on various documents, and sometimes hire a private investigator to conduct a more thorough review.

11. Because Rep. Rangel did not use Unit 10U as his primary residence, the failure to take steps to evict Rep. Rangel was inconsistent with Fourth Lenox's lease renewal procedures.

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12. Fourth Lenox allowed the Committees to use a rent-stabilized apartment for which the Committees paid less than they would have for non-rent-stabilized office space; the difference constitutes an in-kind contribution under the Act, *see* 2 U.S.C. § 431(8)(A)(i), since the apartment was provided "at a charge that is less than the usual and normal charge for such goods or services [which include 'facilities']." 11 C.F.R. § 100.52(d)(1).

13. The difference between half the market value of the shared space, and the actual rent share paid for Unit 10U over the course of the 2004-2006 leasing period exceeded Fourth Lenox's $4,200 limit to RFC during the 2006 cycle. The difference over the course of the 2006-2008 leasing period exceeded Fourth Lenox's $4,600 limit to RFC during the 2008 election cycle.

14. The difference between half the market value of the shared space and the actual rent paid by NLP for Unit 10U in 2005, 2006, 2007 and 2008 exceeded Fourth Lenox's annual contribution limit to NLP in each of those years.

15. Commencing with Rep. Rangel's renewal of the lease for Unit 10U in November 2004, the Committees and Rep. Rangel accepted the benefit of reduced rent by making full use of the apartment for political activities. *See, e.g., FEC v. John A. Dramesi for Congress Comm.*, 640 F. Supp. 985, 987 (D.N.J. 1986) (a "knowing" standard does not require knowledge that one is violating a law, but merely requires an intent to act; treasurer "knowingly accepted" excessive contribution even if unaware of donor committee's non-multicandidate status).

16. The Committees' Executive Director worked at the office full time and knew it was rent-stabilized. After he received the lease renewal forms (which also

indicated that the apartment was stabilized), he would have them signed by Rep. Rangel. In addition, Rep. Rangel signed the renewal leases in 2004 and 2006 on behalf of the Committees with full knowledge that Unit 10U was a rent stabilized apartment; he also signed the original 1996 lease and all other renewal forms. The lease required Rep. Rangel to use Unit 10U "for living purposes only" and barred him from subletting the apartment without the landlord's "advance written consent," which he never obtained; further, the renewal leases he signed stated that they were subject to the prior terms and conditions.

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V. Respondents violated the Act in the following ways:

1. Respondent Rangel for Congress and Basil Paterson, in his official capacity as treasurer, violated 2 U.S.C. § 441a(f) by accepting excessive in-kind contributions from Fourth Lenox.

2. Respondent Rangel for Congress and Basil Paterson, in his official capacity as treasurer, violated 2 U.S.C. § 434(b) by failing to report in-kind contributions from Fourth Lenox.

3. Respondent National Leadership PAC and Basil Paterson, in his official capacity as treasurer, violated 2 U.S.C. § 441a(f) by accepting excessive in-kind contributions from Fourth Lenox.

4. Respondent National Leadership PAC and Basil Paterson, in his official capacity as treasurer, violated 2 U.S.C. § 434(b) by failing to report in-kind contributions from Fourth Lenox.

5. Respondent Representative Charles B. Rangel violated 2 U.S.C. § 441a(f) by accepting excessive in-kind contributions from Fourth Lenox.

VI. Respondents will cease and desist from violating 2 U.S.C. §§ 441a(f) and 434(b).

VII. Respondents will pay a civil penalty of Twenty-Three Thousand Dollars ($23,000), pursuant to 2 U.S.C. § 437g(a)(5)(A).

VIII. The Commission, on request of anyone filing a complaint under 2 U.S.C. § 437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

IX. This agreement shall become effective as of the date that all parties hereto have executed same and the Commission has approved the entire agreement.

X. Respondents shall have no more than thirty (30) days from the date this agreement becomes effective to comply with and implement the requirements contained in this agreement and to so notify the Commission.

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XI. This Conciliation Agreement constitutes the entire agreement between the parties on the matters raised herein, and no other statement, promise, or agreement, either written or oral, made by either party or by agents of either party, that is not contained in this written agreement shall be enforceable.

FOR THE COMMISSION:

Anthony Herman
General Counsel

BY: _____ 3/23/12
~~Kathleen M. Guith~~ DANIEL A. PETALAS Date
~~Acting~~ Associate General Counsel
for Enforcement

FOR THE RESPONDENTS:

_____ 3/5/12
Position: William C. Oldaker Date
Counsel for Charles B. Rangel

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BEFORE THE FEDERAL ELECTION COMMISSION

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OFFICE OF GENERAL
COUNSEL

In the Matter of	)	
	)	MUR 6040
Fourth Lenox Terrace Associates	)	
a/k/a Lenox Terrace Development Assoc.	)	

CONCILIATION AGREEMENT

This matter was initiated by an externally generated complaint. The Federal Election Commission ("Commission") found reason to believe that Fourth Lenox Terrace Associates a/k/a Lenox Terrace Development Assoc. ("Fourth Lenox" or "Respondent") violated 2 U.S.C. § 441a(a)(1)(A) and (C) by making excessive in-kind contributions to Rangel for Congress ("RFC") and the National Leadership PAC ("NLP") (collectively "the Committees").

NOW, THEREFORE, the Commission and Respondent, having participated in informal methods of conciliation prior to a finding of probable cause to believe, pursuant to 2 U.S.C. § 437g(a)(4)(A)(i), do hereby agree as follows:

I. The Commission has jurisdiction over Respondent and the subject matter of this proceeding.

II. Respondent has had a reasonable opportunity to demonstrate that no action should be taken in this matter.

III. Respondent voluntarily enters into this agreement with the Commission.

IV. The pertinent facts in this matter are as follows:

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Background

1. Respondent Fourth Lenox is a general partnership consisting of twenty partners; including eighteen individuals or trusts for individuals, and two limited liability corporations.

2. RFC is a political committee within the meaning of 2 U.S.C. § 431(4), and is the principal campaign committee of Representative Charles B. Rangel, who represents the 15th Congressional District in New York. NLP is a political committee within the meaning of 2 U.S.C. § 431(4), and is the "leadership PAC" associated with Rep. Rangel. NLP is registered with the Commission as a non-connected PAC and multicandidate committee. 11 C.F.R. § 100.5(g)(5); *see* Leadership PACs, 68 Fed. Reg. 67,013 (Dec. 1, 2003).

3. Fourth Lenox owns an apartment building at 40 West 135th Street in New York City ("building"). The building is part of a six-building apartment complex called Lenox Terrace, which is managed on behalf of Fourth Lenox by Hampton Management Company ("Hampton").

4. In 1996, Rep. Rangel signed a two-year lease for a rent-stabilized one-bedroom apartment on the 10th floor of the building ("Unit 10U" or "apartment 10U"). The Committees began occupying Unit 10U shortly after the lease was signed until October 2008. Rep. Rangel did not reside in Unit 10U and instead used the apartments on the 16th floor as his primary residence.

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Applicable Law

5. The Federal Election Campaign Act of 1971, as amended ("the Act"), provides that no person shall make contributions to any candidate and his or her authorized political committees with respect to any election for federal office which in the aggregate exceed $2,100 for the 2006 election cycle and $2,300 for the 2008 election cycle. 2 U.S.C. § 441a(a)(1)(A). Further, no person shall make contributions to any other political committee in any calendar year, which in the aggregate, exceed $5,000. 2 U.S.C. § 441a(a)(1)(C). As a partnership, Fourth Lenox could have contributed up to $4,200 to RFC during the 2006 election cycle and $4,600 during the 2008 cycle (primary and general election combined), assuming that any contributions exceeding the primary election limits were properly designated for the general election. 2 U.S.C. § 441a(a)(1)(A); 11 C.F.R. § 110.1(b).

6. A "contribution" includes "any gift, subscription, loan, advance, or deposit of money or anything of value made by any person for the purpose of influencing any election for federal office." 2 U.S.C. § 431(8)(A)(i). The Commission's regulations provide that "anything of value" includes all in-kind contributions, including the provision of goods or services without charge or at a charge which is less than the usual and normal charge for such goods or services. 11 C.F.R. § 100.52(d)(1). The regulations specifically include facilities as an example of such goods or services. *Id.* The amount of the in-kind contribution is the difference between the usual and normal charge for the goods or services at the time of the contribution and the amount charged to the political committee. *Id.* The usual and normal charge for goods means the price of those goods in

the market from which they ordinarily would have been purchased at the time of the contribution. 11 C.F.R. § 100.52(d)(2).

Facts

7. Prior to approximately 2004, most of the apartments at Lenox Terrace were rent-stabilized, meaning that they were subject to New York's Rent Stabilization Code, 9 NYCRR Parts 2520-2530 ("Code"), which limited annual rent increases (set by a rent guidelines board) and entitled tenants to have their leases renewed. However, a tenant had to use the rent-stabilized apartment as his or her primary residence in order for it to remain under rent stabilization; in addition, the apartment could be deregulated once the monthly rent reached $2,000 and it was subsequently vacated. The Code sets forth various factors that may be considered in determining whether a tenant remains a primary resident, including whether the tenant occupies the unit for an aggregate of less than 183 days in the most recent calendar year.

8. Starting in approximately 2003, Hampton, on behalf of Fourth Lenox, the landlord, instituted a non-primary residency program ("program") of actively investigating whether tenants of record in rent-stabilized apartments were residing in their units pursuant to the residency criteria set forth in the Code. The main objective of the program was to maximize profits for the landlord by recapturing apartments and possibly increasing the legal rent to $2,000 (through a combination of rent increases allowed by the Code) so that the apartments could become deregulated and rented at the market rate.

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9. If information showed that the tenant of record had not been using the apartment as his or her primary residence for the most of the prior year or longer, the tenant generally was served with a notice of Fourth Lenox's intent not to renew the lease. The notice – commonly called a "Golub" notice – was required to be sent between 90 and 150 days prior to the expiration of the lease. The Golub notice contained facts supporting non-resiliency and notified the tenant that Fourth Lenox did not intend to renew the lease at the end of the current term. Fourth Lenox began serving Golub notices on non-primary tenants around the first half of 2003, well before the 2004 Golub period for Unit 10U, which ran from May 31 through July 31, 2004.

10. After receiving a Golub notice, if the tenant did not relinquish the apartment upon the expiration of the lease, Fourth Lenox generally started eviction proceedings by sending a notice to the tenant and filing an eviction action in New York Civil Court. Well before the date that rent-stabilized leases were up for renewal, Hampton provided a list of those tenants to an investigative agency, which then generated a written report with relevant information about each tenant, such as whether public records indicated multiple active addresses. Hampton would also direct inquiries to on-site staff, compare signatures by the purported tenant on various documents, and sometimes hire a private investigator to conduct a more thorough review.

11. Because Rep. Rangel did not use Unit 10U as his primary residence, the failure to take steps to evict Rep. Rangel was inconsistent with Fourth Lenox's lease renewal procedures, thereby allowing the Committees to use a rent-stabilized apartment for which the Committees paid less than they would have for office

space which was not subject to rent-stabilization protection. The difference constitutes an in-kind contribution under the Act, *see* 2 U.S.C. § 431(8)(A)(i), since the apartment was used as an office by the Committees "at a charge that is less than the usual and normal charge for such goods or services [which include 'facilities']," resulting in contributions to the Committees in excess of the Act's applicable limits. 11 C.F.R. § 100.52(d)(1).

V. Respondent violated the Act in the two ways:

1. Respondent violated 2 U.S.C. § 441a(a)(1)(A) by making excessive contributions to Rangel for Congress.

2. Respondent violated 2 U.S.C. § 441a(a)(1)(C) by making excessive contributions to the National Leadership PAC.

VI. Respondent will cease and desist from violating 2 U.S.C. § 441a(a)(1)(A) and (C).

VII. Respondent will pay a civil penalty of Nineteen Thousand Dollars ($19,000), pursuant to 2 U.S.C. § 437g(a)(5)(A).

VIII. Respondent contends that it did not intend to influence any federal elections or provide in-kind contributions to the Committees. However, in order to avoid disruption, uncertainty, inconvenience and the expense of protracted litigation and to achieve a non-judicial resolution of this matter, for purposes of this conciliation agreement only, respondent will not further contest the Commission's findings.

IX. The Commission, on request of anyone filing a complaint under 2 U.S.C. § 437g(a)(1) concerning the matters at issue herein or on its own motion, may

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review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

X. This agreement shall become effective as of the date that all parties hereto have executed same and the Commission has approved the entire agreement.

XI. Respondent shall have no more than thirty (30) days from the date this agreement becomes effective to comply with and implement the requirements contained in this agreement and to so notify the Commission.

XII. This Conciliation Agreement constitutes the entire agreement between the parties on the matters raised herein, and no other statement, promise, or agreement, either written or oral, made by either party or by agents of either party, that is not contained in this written agreement shall be enforceable.

FOR THE COMMISSION:

Anthony Herman
General Counsel

BY: _____ 3/23/12
Daniel A. Petalas Date
Associate General Counsel
for Enforcement

FOR THE RESPONDENT:

E. Scott Mz 3/22/12
Position: Date

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FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENT: The Olnick Organization, Inc. MUR 6040

I. INTRODUCTION

This matter was generated by a complaint filed by Kenneth F. Boehm, Chairman of the National Legal and Policy Center. *See* 2 U.S.C. § 437g(a)(1).

The complaint alleged that the Olnick Organization, Inc. ("Olnick") provided office space in a rent-stabilized apartment complex at a substantial discount to Representative Charles B. Rangel's congressional campaign committee, Rangel for Congress ("RFC"), and his leadership committee, the National Leadership PAC ("the NLP") (collectively "the Committees"), resulting in unreported prohibited in-kind contributions. 2 U.S.C. §§ 441a(a) and 441b; 11 C.F.R. §§ 114.1 and 100.52(d)(1).

II. FACTS

The rent-stabilized apartment at issue in this matter is located at 40 West 135th Street in New York City in a building owned by Fourth Lenox Terrace Associates a/k/a Lenox Terrace Development Assoc. ("Fourth Lenox"). Fourth Lenox's apartment building is part of a six building complex called Lenox Terrace. Each of the six buildings that make up Lenox Terrace, including Fourth Lenox, is currently owned by separate general partnerships. The Olnick Organization, Inc. ("Olnick"), a New York corporation that develops residential, commercial and hotel properties, provides a number of services to the Lenox Terrace complex, including: advertising rentals, and providing some property management services.

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During the relevant time period, Representative Rangel leased four rent-stabilized apartments in Fourth Lenox's apartment building at 40 West 135th Street. In 1988, Representative Rangel and his wife signed a two-year lease for a previously combined rent-stabilized apartment [redacted] In 1997, Representative Rangel signed a two-year lease for an adjacent rent-stabilized apartment [redacted]

In July of 1996, the tenant living in Unit 10U of the building in which Representative Rangel resides vacated the rent-stabilized one bedroom apartment. On October 16, 1996, Representative Rangel signed a two-year lease to rent Unit 10U from November 1, 1996 until October 31, 1998 for $498.87 per month. In pertinent part, the lease states "[y]ou shall use the apartment for living purposes only." The lease also barred the tenant from subletting Unit 10U without the landlord's "advance written consent." Thereafter, Representative Rangel signed two-year Renewal Lease Forms for Unit 10U in 1998, 2000, 2002, 2004 and 2006. The rent for Unit 10U increased with each lease renewal and by the 2006-2008 lease renewal period it was $677.34 per month.

According to Representative Rangel, he subleased Unit 10U to RFC and the NLP. The available information indicates that RFC started paying rent directly to Fourth Lenox in December 1996. RFC's 1996 Year End Report indicates that, on December 3, 1996, the Committee paid "office rent" to Fourth Lenox in the amount of $166.73 per month and, on December 5, 1996, it reimbursed Representative Rangel $1,000 for "office rent" paid to Fourth Lenox. It appears that the NLP began splitting the rent for Unit 10U with RFC in November 1998. NLP's 1998 30 Day Post-Election Report indicates that the Committee made its first disbursement to Fourth Lenox on November 12, 1998.

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Representative Rangel continued to lease Unit 10U until the 2006 lease expired on October 31, 2008. According to the Statement of Candidacy filed on March 31, 2009, the Committee moved to 193 Lenox Avenue, New York. The NLP continued to report a Post Office Box in New York City as its address. Disclosure reports for both RFC and the NLP indicate that in October 2008 the Committees each began paying a monthly rent of $2,000 to Wicklow Properties, LLC.

The complaint alleges that Olnick "provided office space to Rangel for Congress and/or the National Leadership PAC at a rate significantly below the market value of the rent for the office." Complaint at 5. The complaint claims that RFC and the NLP occupied Unit 10U at a greatly reduced rent in violation of New York's Rent Stabilization Code ("Code"). In support of its allegation, the complaint referenced an attached newspaper article that ran in the July 11, 2008 issue of the NEW YORK TIMES. David Kocieniewski, *For Rangel, Four Rent-Stabilized Apartments*, NEW YORK TIMES, July 11, 2008 ("NEW YORK TIMES article"). The article asserted that Representative Rangel used Unit 10U "as a campaign office, despite state and city regulations that require rent-stabilized apartments to be used as a primary residence" and that state and city rent regulations permit renewals of rent-stabilized apartments "as long as the [tenants] use it as a primary residence." According to this article, Representative Rangel and his Committees made use of the office space even while "the Olnick Organization and other real estate firms have been accused of overzealous tactics as they move to evict tenants from their rent-stabilized apartments and convert them to market-rate housing." The article reported that state officials and city housing experts "knew of no one else with four" rent-stabilized apartments. The article also stated that the Committees pay $630 for

Unit 10U while one-bedroom apartments in the same development "are now rented for $1,865 and up." The complaint also highlighted the article's statements that one of the owners of Olnick Inc. contributed to both committees in 2004, and further contributed to the NLP in 2006 and asserts that city records show that in 2005 a lobbyist from the Olnick organization met with Representative Rangel regarding government approval of a plan to expand Lenox Terrace. Based on the above information, the NEW YORK TIMES article suggested that the rental arrangement between the landlord, Representative Rangel and by extension his Committees, "could be considered a gift because it is given at the discretion of the landlord and it is not generally available to the public."

In its response, Olnick asserts, *inter alia*, that it does not own or control the subject property. The available information indicates that Fourth Lenox is the owner of the property at issue in this matter.

III. LEGAL ANALYSIS

There is no information indicating that Olnick has any ownership interest in the building that houses Unit 10U. Olnick's role in this matter appears to have been limited to serving as an agent of Fourth Lenox, the owner and landlord, carrying out certain management functions on behalf of Fourth Lenox.

Therefore, there is no reason to believe that the Olnick Organization, Inc. violated 2 U.S.C. § 441b.

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