

BEFORE THE  
FEDERAL ELECTION COMMISSION  
OF THE  
UNITED STATES OF AMERICA

In the Matter of:

Charles B. Rangel

Olnick Organization

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National Leadership PAC (C00302588)

Rangel for Congress (C00302422)

**Complaint**

NATIONAL LEGAL AND POLICY CENTER, a corporation organized and existing under the District of Columbia Non-Profit Corporation Act and having its offices and principal place of business at 107 Park Washington Court, Falls Church, VA 22046, files this complaint with the Federal Election Commission pursuant to 2 USC § 437g.

The primary purpose of the National Legal and Policy Center, a charitable and educational organization described in section 501(c)(3) of the Internal Revenue Code, is to foster and promote ethics in government and public life.

Respondents include an individual candidate, a corporation, a candidate's committee and a political action committee. The complaint documents numerous apparently illegal corporate contributions over many years supporting the candidate's committee and political action committee.

**Respondents**

CHARLES B. RANGEL, 2354 Rayburn House Office Building, Washington, DC 20515, ("Rangel") represents the 15<sup>th</sup> Congressional District of New York. His congressional re-election campaigns over many years benefited from a significantly reduced rent for office space. Rangel's political action committee, National Leadership PAC, has similarly benefited by getting office space intended by law to be let as a primary residence at a greatly reduced rent.

OLNICK ORGANIZATION, 110 East 59<sup>th</sup> Street, 20<sup>th</sup> Floor, New York, N.Y. 10022 (“Olnick”) is the owner of four rent-stabilized Lenox Terrace apartments leased by Rangel. Olnick Organization is incorporated in New York (Corporation # 1791883.)

NATIONAL LEADERSHIP PAC, P.O. Box 5577, New York, N.Y. 10027, (FEC Committee ID #C00302588) is political action committee controlled by Rangel. It rents a rent-stabilized apartment on the tenth floor of the Lenox Terrace building in which Rangel also leases three rent-stabilized units on the 16<sup>th</sup> floor.

RANGEL FOR CONGRESS, P.O. Box 5577, New York, N.Y. 10027, (FEC Committee ID #C00302422) is the Congressional campaign committee supporting Rangel’s re-election campaigns. It rents space in the rent-stabilized apartment on the tenth floor of the Lenox Terrace building in which Rangel also leases three rent-stabilized units on the 16<sup>th</sup> floor.

### **Facts**

The facts supporting this complaint are all taken from materials publicly available, principally news articles, Federal Election Commission records and other public records.

On July 11, 2008, *The New York Times* carried a story by reporter David Kocieniewski headlined “For Rangel, Four Rent-Stabilized Apartments.”<sup>1</sup> The story reported that Rep. Rangel, Chairman of the powerful House Ways and Means Committee, had four rent-stabilized apartments in Lenox Terrace, a luxury development owned by the Olnick Organization, which was described as “one of New York’s premier real estate developers.”

The article stated that Rangel lived in three apartment units on the 16<sup>th</sup> floor but maintained a campaign office in the fourth apartment located on the tenth floor “despite state and city regulations that require rent-stabilized apartments to be used as a primary residence.”

The *New York Times* article stated that Rangel paid “\$3,894 monthly in 2007 for the four apartments” but that the Olnick Organization’s Web site indicated that the “current market-rate rent for similar apartments in Mr. Rangel’s building would total \$7,465 to \$8,125 a month.”

When asked why Rangel was allowed to use one of the four rent-stabilized apartments as an office for his political groups, Jeanette Bocchino, a spokeswoman for the Olnick Organization stated, “This is a private matter for the Olnick Organization and Mr. Rangel to evaluate.”

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<sup>1</sup> Exhibit A, appended

The article then stated, “Under state and city regulations, tenants can continue renewing the lease in their rent-stabilized apartments for as long as they use it as a primary residence, and landlords can increase rent only by an annual percentage set by a city board.”

Reporter Kocieniewski reported that Federal Election Commission records showed Sylvia Olnick, an owner of Olnick Organization, had contributed \$2,000 to Rep. Rangel’s campaign in 2004 and she had contributed \$2,500 to Rangel’s separate political action committee in both 2004 and in 2006. The article further reported that city records showed that a lobbyist for the Olnick Organization had met with Rangel in 2005 when the company was seeking government approval of a plan to expand Lenox Terrace and build another complex in the Bronx.

Regarding the use of the 10<sup>th</sup>-floor apartment as a political office, the *New York Times* article stated, “He pays \$630 for the 10<sup>th</sup>-floor office, and Federal Election Commission records show that he splits the cost between his Congressional re-election fund, which raised more than \$3.6 million this election cycle, and his National Leadership PAC, a committee he controls, which raised more than \$1.6 million.”

A review of Federal Election Commission records confirmed that both Rangel’s Congressional re-election campaign and his National Leadership PAC paid rent for their Lenox Terrace quarters and have been jointly paying rent for some years.

Without conducting a records search of all reports filed with the Federal Election Commission, a spot check found office rent disbursements by the Rangel for Congress, 96 committee (FEC Committee ID #C00302422) for office space rent at Lenox Terrace, 10 West 135<sup>th</sup> Street, New York, NY 10037, going back as early as 1996.<sup>2</sup>

By the end of 2005, the National Leadership PAC and Rangel for Congress were both paying office rent for campaign space at Lenox Terrace.<sup>3</sup> Both the National Leadership PAC and Rangel for Congress appeared to be sharing not only office space at Lenox Terrace but also the same Treasurer (Basil Patterson) and the same post office box.

In any case, Federal Election Commission records indicate that at least one and, more recently two, political committees run by Rangel and registered with the F.E.C. and supporting federal candidates rented office space at Lenox Terrace for more than ten years. During this period of more than ten years, the committee(s) paid rent at what appears to be the rent-stabilized amount – far less than the market value of the rent for

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<sup>2</sup> Rangel for Congress, ’96, Report of Receipts and Disbursements, Year End Report, Amended, filed April 2, 1997

<sup>3</sup> Rangel for Congress, Report of Receipts and Disbursements, Year End Report, filed January 31, 2006 shows a \$300 disbursement to Lenox Terrace Development Assoc. on November 3, 2005 for “office rent.”

National Leadership PAC, Report of Receipts and Disbursements, Year End Report, Amended, filed April 25, 2006 shows five separate disbursements to Lenox Terrace Development Assoc. in August through November 2005 with each disbursement listed as being for “office rent.”

such an apartment despite state and city regulations which require rent-stabilized apartments to be used as a primary residence.

The Web page of the New York City Rent Guidelines Board underscores that rent-stabilized apartments must be the primary residence of the tenant in order to qualify for rent-stabilization.<sup>4</sup> The Rent Stabilization Code section 2520.11(k) excludes from protection “housing accommodations which are not occupied by the tenant.”

The New York City Rent Stabilization Board’s web page also provides a frequently asked question (FAQ) section which sheds further light on the issue with the question, “What constitutes ‘primary residence.’”? Citing the Rent Stabilization Code §2520.6(u) which cites the factors which help determine whether a tenant remains a primary resident. While no single factor is “solely determinative” it’s hard to argue that Rangel meets any of the criteria for listing the 10<sup>th</sup> floor apartment rented by his political committees as his primary residence.

The criteria cited in the Rent Stabilization Code section just cited include:

1. Specification by an occupant of an address other than such housing accommodation as a place of residence on any tax return, motor vehicle registration, driver’s license or other document filed with a public agency;
2. Use by an occupant of an address other than such housing accommodation as a voting address;
3. Occupancy of the housing accommodation for an aggregate of less than 183 days in the most recent calendar year, except for temporary periods of relocation pursuant to section 2523.5(b) Of this Title [covering military service, enrollment as a full time student; relocation by court order; temporary relocation due to employment; hospitalization or other reasonable grounds];
4. Subletting the accommodation

Citing a public records database and interviews with Rangel’s neighbors, the *New York Times* article makes clear that Rangel has lived at the Lenox Terrace since the early 1970’s. It is also quite clear that he lives in the three apartment units on the 16<sup>th</sup> floor where their combined residential living space is some 2,500 square feet.

Not only would any attempt to argue that the 10<sup>th</sup>-floor apartment office is Rangel’s primary residence run counter to the criteria listed in the Rent Stabilization Code and be counter to the plain facts of the article, but then Rangel would have to explain why his political committees are paying for his primary residence.

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<sup>4</sup> New York City Rent Guidelines Board, <http://www.housingnyc.com/>

## Apparent Violations

### **1. Illegal Corporate In-kind Contribution of Discounted Rent to Rangel for Congress and the National Leadership Political Action Committee**

Over more than a ten-year period, Olnick Organization, a New York corporation, 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.

As Olnick Organization is a corporation, it is not allowed by law to support federal election committees with contributions.

The FEC regulations regarding corporate political activity are set forth at 11 CFR 114.1 et seq. and the definition of contribution is more than broad enough (“anything of value”) to apply to a major and ongoing discount in rent for office space for political committees set up to influence federal elections.

Sec. 114.1 Definitions.

(a) For purposes of part 114 and section 12(h) of the Public Utility Holding Company Act (15 U.S.C. 791(h))--

(1) The terms contribution and expenditure shall include any direct or indirect payment, distribution, loan, advance, deposit, or gift of money, or any services, or anything of value (except a loan of money by a State bank, a federally chartered depository institution (including a national bank) or a depository institution whose deposits and accounts are insured by the Federal Deposit Insurance Corporation or the National Credit Union Administration, if such loan is made in accordance with 11 CFR 100.82(a) through (d)) to any candidate, political party or committee, organization, or any other person in connection with any election to any of the offices referred to in 11 CFR §114.2 (a) or (b) as applicable.

There is no doubt that the apartment on the tenth floor of Lenox Terrace described in the July 11, *New York Times* article “For Rangel, Four Rent-Stabilized Apartments,” was used as offices by Rangel for Congress and the National Leadership PAC. More than ten years of reports to the Federal Election Committee indicate regular disbursements for the office space in question.

There is also no doubt that the tenth-floor unit was not the primary residence of Mr. Rangel, as required by state and city regulations to qualified for the discounts available under the rent-stabilization program. Mr. Rangel’s residence is located on the 16<sup>th</sup> floor of the Lenox Terrace building and there is nothing in the public record to suggest otherwise.

The Federal Election Campaign Act and FEC regulations prohibit funds donated to a federal candidate to be converted to personal use as would be the case if the tenth-floor unit was Mr. Rangel's primary residence. 2 U.S.C. §439a(b)(1); 11 CFR §113.2(e)

While the provision of steeply discounted rent on a long term basis from a corporation to one or more political committees set up to influence federal elections is more than enough to constitute an illegal corporate contribution. However, the facts set forth in the *New York Times* article indicate that one of the co-owners of Olnick Organization, Sylvia Olnick, was a \$2,000 contributor to Rangel for Congress in 2004 and a \$2,500 contributor to the National Leadership PAC in both 2004 and 2008. And the *New York Times* article cites city records showing that in 2005 a lobbyist from Olnick Organization met with Rangel regarding government approval of a plan to expand Lenox Terrace.

It appears beyond argument that Olnick Organization knew the purpose of the tenth-floor unit was as office space for the two political committees since the rent checks were regularly sent in by Rangel for Congress and/or the National leadership PAC.

When the Olnick Organization was specifically asked by the *New York Times* reporter why Rangel was permitted to use one of the four apartment units as an office, Jeanette Bocchino, described as a spokeswoman for the company said, "This is a private matter for the Olnick Organization and Mr. Rangel to evaluate." As a corporate in-kind contribution of tens of thousands of dollars over more than ten years to one or more political committees, it is clear this is more than a "private matter."

Put simply, there is no exception in the Federal Election Campaign Act or FEC regulations which allows corporations to charge significantly reduced rent to political committees which are organized to influence federal elections.

## **2. Failure to Report In-kind Contributions**

Over more than ten years, Rangel for Congress failed to report the in-kind contribution of reduce rent to the committee. Similarly, once the National Leadership PAC began paying reduced rent for office space in the same unit, it also failed to report the significantly reduced rent as an in-kind contribution.

The Federal Election Campaign Act and FEC regulations require accurate reporting of in-kind contributions as both contributions and expenditures. 2 U.S.C. §434; 11 CFR §104.

## Conclusion

The gravamen of this complaint is quite simple: under the Federal Election Commission Act and the Federal Election Commission regulations, it is illegal for a corporation to subsidize both a campaign committee for a candidate for federal office and a political action committee supporting candidates for federal office.

Virtually all of the facts in this case are from public sources and are easily documented.

There is no question that:

- Olnick Organization is a corporation
- Rangel for Congress is a political committee which may not receive corporate contributions
- National Leadership PAC is a political committee which may not receive corporate contributions
- a significant reduction in rent by a corporation to a federal campaign committee constitutes an apparent illegal contribution
- there is no credible argument to be made that the tenth-floor unit being rented by the political campaigns is Mr. Rangel's "primary residence" – as required by state and city regulations to qualify for the greatly reduced rent under the rent-stabilization program
- Mr. Rangel and his political committees(s) has/have benefited improperly over more than ten years through reduced rent of tens of thousands of dollars
- neither Rangel for Congress nor the National Leadership PAC has ever disclosed the in-kind contribution of major rent discounts on any reports filed with the Federal Election Commission from 1996 to the present

This case represents a textbook example for the need for the FEC to protect the integrity of the election finance process. If a powerful Congressman can receive significant corporate in-kind contributions year after year while failing to disclose those contributions, the message being sent is that the law is a sham.

I urge the Federal Election Commission to conduct a full and prompt investigation into the facts of this case. Anything less would undermine the confidence of the public in the integrity of the campaign finance system.

Complainant, upon information and belief and relying upon personal knowledge and the exhibits attached hereto as evidence of possible violations of law set forth above, hereby swears under penalty of perjury that the statements and facts of this Complaint are true and correct to the best of his knowledge and belief.

NATIONAL LEGAL AND POLICY CENTER

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Kenneth F. Boehm, Chairman

Subscribed and sworn before me this 14<sup>th</sup> day of July 2008.

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Notary Public

SEAL

My commission expires:

**EXHIBIT A**

**“For Rangel, Four Rent-Stabilized Apartments,” by David Kocieniewski,  
*The New York Times*, Friday, July 11, 2008**

July 11, 2008

# For Rangel, Four Rent-Stabilized Apartments

By [DAVID KOCIENIEWSKI](#)

While aggressive evictions are reducing the number of rent-stabilized apartments in New York, Representative [Charles B. Rangel](#) is enjoying four of them, including three adjacent units on the 16th floor overlooking Upper Manhattan in a building owned by one of New York's premier real estate developers.

Mr. Rangel, the powerful Democrat who is chairman of the House Ways and Means Committee, uses his fourth apartment, six floors below, as a campaign office, despite state and city regulations that require rent-stabilized apartments to be used as a primary residence.

Mr. Rangel, who has a net worth of \$566,000 to \$1.2 million, according to Congressional disclosure records, paid a total rent of \$3,894 monthly in 2007 for the four apartments at Lenox Terrace, a 1,700-unit luxury development of six towers, with doormen, that is described in real estate publications as Harlem's most prestigious address.

The current market-rate rent for similar apartments in Mr. Rangel's building would total \$7,465 to \$8,125 a month, according to the Web site of the owner, the Olnick Organization.

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 the units into market-rate housing.

Tensions are especially inflamed in Harlem, where the rising cost of living and the arrival of more moneyed residents have triggered anxiety over the future of the historically black neighborhood. And Vantage Properties, a company established by Olnick's former chief operating officer, has attracted billions in private equity financing by promising

investors that it can aggressively convert tens of thousands of rent-stabilized apartments, many in Harlem.

Yet Mr. Rangel, a critic of other landlords' callousness, has been uncharacteristically reticent about Olnick's actions.

State officials and city housing experts said in interviews that while the law does not bar tenants from having more than one rent-stabilized apartment, they knew of no one else with four of them. Others suggested that the arrangement undermines the purpose of rent regulation.

"There are families who manage to get two, when one tenant marries another, things like that," said Dov Treiman, a lawyer who publishes *The Housing Court Reporter*, a legal trade publication. "But I've never heard of any tenant managing to get four."

Mr. Rangel's use of the fourth apartment as an office, in addition to his 2,500-square-foot residence, was especially troubling to some advocates, given the city's chronic shortage of housing for low- and moderate-income residents.

"Whether it's an elected official or not, no one should have four apartments, especially when one is being used as an office," said Michael McKee, treasurer of the Tenants Political Action Committee, who was not aware of Mr. Rangel's situation when he was interviewed.

Mr. Rangel, who was first elected to Congress in 1970 and is one of the city's most recognizable elected officials, has written and spoken extensively about his devotion to his home in Harlem, but does not appear to have ever publicly acknowledged that he has been permitted to lease four rent-stabilized apartments there. According to a public records database and interviews with neighbors, he has lived in the building since the early 1970s, but it is not clear when he amassed the four units.

Mr. Rangel, 78, declined to answer questions during a telephone interview, saying that his housing was a private matter that did not affect his representation of his constituents.

“Why should I help you embarrass me?” he said, before abruptly hanging up.

Olnick officials declined to discuss when or why they decided to permit Mr. Rangel to lease multiple rent-stabilized units. Asked why he had been allowed to use one as an office, Jeanette Bocchino, a spokeswoman for the company, replied: “This is a private matter for the Olnick Organization and Mr. Rangel to evaluate.”

Mr. Rangel is not the only prominent resident with a rent-stabilized apartment at Lenox Terrace. Gov. [David A. Paterson](#) told The New York Sun in May that he pays \$1,250 for a rent-stabilized two-bedroom apartment in the complex that rents for \$2,600 or more at market rates. Basil A. Paterson, the governor’s father, pays \$868 per month for his apartment there, in the same building as Mr. Rangel’s apartments, according to state records.

[Percy E. Sutton](#), the former Manhattan borough president and a longtime ally and friend of Mr. Rangel’s, also lives at Lenox Terrace, though records about his rent were not available.

Under state and city rent regulations, tenants can continue renewing the lease in their rent-stabilized apartments for as long as they use it as a primary residence, and landlords can increase rent only by an annual percentage set by a city board.

A spokesman for the governor said that Governor Paterson, who owns a home in an Albany suburb and recently moved into the executive mansion, considered Lenox Terrace his primary residence. A secretary to the elder Mr. Paterson, who owns a home on Long Island, said he could not be immediately reached.

Luminaries are nothing new at Lenox Terrace, a large development on 135th Street between Fifth and Lenox Avenues. The Olnick Organization built it in 1958 as the first luxury community in Harlem. The family-run company has a broad portfolio of retail, commercial and residential buildings, and holds a contract to lease office space to federal agencies in Morristown, N.J.

According to [Federal Election Commission](#) records, Mr. Rangel received \$2,000 in campaign contributions from Sylvia Olnick, an owner of the company, in 2004. His separate political action committee received \$2,500 donations from her in 2004 and 2006.

In addition, city records show that in 2005, a lobbyist for the Olnick Organization met with Mr. Rangel and Mr. Paterson, who was then the State Senate minority leader, as the company set out to win government approvals of a plan to expand Lenox Terrace and build another apartment complex in the Bronx.

Ms. Bocchino said that Mr. Rangel was not asked to do, nor did he do, anything for the company. A spokesman for the governor said he also did not act on Olnick's behalf.

Neither project has advanced.

Mr. Rangel's residence, which has custom moldings and dramatic archways, is decorated with Benin Bronze statues and antique carved walnut Italian chairs, and was featured in the 2003 book "Style and Grace: African Americans at Home," by Michael Henry Adams (Bulfinch Press). The article called the home a penthouse, although it is on the second floor from the top.

The book does not mention that the units are rent-stabilized, but says that the penthouse had been assembled by combining separate apartments. Mr. Rangel's wife, Alma, is quoted describing the congressman as "the shopper in this family" who has a penchant for hunting down antiques like cut-glass champagne flutes and walnut chests to furnish their elegant abode.

The State Division of Housing and Community Renewal does not publicly release information about rents paid by tenants in rent-regulated apartments. But The New York Times obtained a copy of the agency's 2007 rent roll report for Mr. Rangel's building, which showed that the congressman holds the leases on Apartments 16M, 16N, 16P and 10U.

Neither Mr. Rangel nor the company would describe the dimensions or layouts of the apartments, but neighbors and a doorman said the apartments included a studio, a one-bedroom and a two-bedroom on the 16th floor. A Times reporter visited the 10th-floor office, a one-bedroom.

The records showed that the congressman paid \$1,329 monthly for his two-bedroom apartment, which is about half the \$2,600 market-rate rent the development now charges new tenants. For the adjacent one-bedroom, he also paid \$1,329. The one-bedrooms are now rented for \$1,865 and up.

He paid \$606 a month for the adjacent studio apartment, while market rents for studios there are now \$1,300. He pays \$630 for the 10th-floor office, and federal election records show that he splits the cost between his Congressional re-election fund, which has raised more than \$3.6 million this election cycle, and his National Leadership PAC, a committee he controls, which raised more than \$1.6 million.

Some Congressional ethics experts, while saying it appears legitimate for Mr. Rangel to have one rent-stabilized apartment, question whether his acceptance of the additional units may violate the House of Representatives' ban on members' accepting gifts of more than \$100. They suggest that the difference between what Mr. Rangel pays for the second, third and fourth apartments and what a new market-rate tenant would pay — some \$30,000 annually — could be considered a gift because it is given at the discretion of the landlord and it is not generally available to the public.

Landlords can — and routinely do — force tenants who have more than one rent-stabilized apartment to give up any additional units.

Meredith McGehee, policy director for the nonpartisan Campaign Legal Center in Washington, said she was not familiar with the particulars of Mr. Rangel’s accommodations, but said that under House ethics rules, a gift is defined as any “gratuity, favor, discount, entertainment, hospitality, loan, forbearance, or other item having monetary value.”

Mr. Rangel, who earns \$169,300 base pay as a congressman, owns a villa in the Dominican Republic that is worth \$250,000 to \$500,000, his disclosure form states. He has also bought and sold properties in recent years; he bought a condominium in 2004 in Sunny Isles, Fla., for \$50,000 to \$100,000 and sold it last year for \$100,000 to \$250,000. In 2004 he also sold a building on 132nd Street, around the corner from Lenox Terrace, for \$250,000 to \$500,000. He owns mutual funds with a combined value between \$266,000 and \$765,000

Mr. Rangel is among New York’s most influential politicians. He is a member of the legendary “gang of four” black Democratic power brokers — along with Mr. Sutton, the former Manhattan borough president; former Mayor [David N. Dinkins](#); and the senior Mr. Paterson, the former secretary of state and the governor’s father — who have dominated Harlem affairs for a generation.

Mr. Rangel is frequently re-elected with more than 80 percent of the vote. In the 1990s he wrote the Federal Empowerment Zone demonstration project, a \$5 billion program to revitalize urban neighborhoods throughout the country. More than \$200 million of that money has been steered to the Upper Manhattan Empowerment Zone, where Representative Rangel has served on the board, and which has been credited with helping spur Harlem’s resurgence.

But critics, including some Harlem residents, complain that Mr. Rangel has too often used his public office to help himself and his friends. In 1999, Mr. Rangel was forced out as chairman of the [Apollo Theater](#) foundation after the state attorney general’s office charged that the

board had failed to collect more than \$4 million owed to the theater by a company controlled by his ally Mr. Sutton. Mr. Rangel and Mr. Sutton denied any wrongdoing.

Last year, government watchdog groups criticized Mr. Rangel for pushing through a \$1.9 million earmark to build the Charles B. Rangel Center for Public Service at [City College of New York](#), which is to include an office for Mr. Rangel and a presidential-style library for his official papers. The congressman and the college said that by lending his name to the project, he had helped the college raise millions from private donors.

*Danny Hakim and Toby Lyles contributed reporting.*