

**REPORT OF THE DIVISION OF GAMING ENFORCEMENT
TO THE CASINO CONTROL COMMISSION**

**SUPPLEMENTAL REPORT ON THE QUALIFICATIONS
OF DONALD J. TRUMP**

**Trenton, New Jersey
December 1, 1992**

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I. Introduction

In January 1992, a book entitled Trump: The Deals and the Downfall written by Wayne Barrett and published by Harper Collins Publishers, Inc. was released to the general public. The author alleges that the Casino Control Commission ("Commission") and the Division of Gaming Enforcement ("Division") have failed, over the past decade, to examine how the life of Donald J. Trump ("DJT") intertwines with the underworld and suggests that the integrity of DJT would be called into question if any of the allegations contained in the book proved to be true. Additionally, other matters are set forth in the book which the author claims reflect negatively on the character of DJT. At the time of the book's publication, several newspaper reporters wrote reviews and summarized the allegations contained in the book. See The Philadelphia Inquirer, "New book alleges Trump has ties to the mob," by David Johnston, January 7, 1992, page 6-B; The Press of Atlantic City, "Barrett's portrait filled with serious allegations," by Daniel Heneghan, February 23, 1992, page E3.

The Division advised the Commission of the publication of this book in its March 20, 1992, report on the renewal of the Trump Taj Mahal Associates ("TTMA") casino license. See In the Matter of the Petition of Trump Taj Mahal Associates for Renewal of its Casino License and Casino Hotel Alcoholic Beverage License and for Certain Other Related Relief, (PRN 354104), pp. 55-56. The Division noted

generally in the foregoing renewal report that many of the allegations contained in the book were not unknown to the Division and that a number of them had been the subject of previous investigations as well as reports to the Commission. Id. at 56.

Nevertheless, the Division observed in the TTMA renewal report that, in view of the publication of the book and the seriousness of the charges, Division agents had read the book and commenced a full review of Division files and prior investigations. As stated in that report, the Division's review would include, but not be limited to, an examination of all Division reports transmitted to the Commission regarding DJT's qualifications, an analysis of prior Division investigations and their thoroughness, as well as investigation of any new or previously unknown information about DJT that was contained in the book.

The Division's investigation is now complete and the results thereof are set forth below. It should be noted that, as part of the inquiry, a sworn interview of DJT was conducted and an investigative interview with Wayne Barrett was undertaken. While Mr. Barrett was most cooperative in his communications with the Division, at no time did the Division have access to Mr. Barrett's sources despite repeated requests for such access.

II. Allegations

After reading the Barrett publication, the Division identified 14 significant areas that, in the Division's view, required examination or review. What follows are those areas and pertinent information.

A. Joseph Weichselbaum

It is stated in the book that DJT was personally close with convicted cocaine dealer Joseph Weichselbaum, whose helicopter company previously provided service to the three Trump casino hotels. Additionally, it was alleged that in 1986 DJT wrote a letter of reference for Weichselbaum to the federal judge who was sentencing him for the cocaine conviction. The author further suggests that DJT was so close to Weichselbaum that he proposed that his female friend Marla Maples be shielded from the press at Weichselbaum's condominium located in Trump Tower in New York City.

Several years before the publication of the Barrett book, the Division had initiated an investigation regarding the relationship between Joseph Weichselbaum and the Trump Organization. Joseph Weichselbaum and his brother, Franklyn, had rented apartment #32-C, 167 East 61st Street, New York, New York (Trump Plaza) from DJT. DJT personally owned that apartment and was involved in negotiating the lease agreement which commenced on December 21, 1985 and was in

effect for an initial period of two years, at which time it continued on a month to month basis. The monthly rent was \$7,000, payable in the following manner: \$3,000 plus \$4,000 in monthly helicopter service. During August 1989, the Weichselbaums vacated the apartment after eviction proceedings were commenced by DJT for failure to pay rent.

Division investigation also revealed that a Ronee Lake Teitler, allegedly the girlfriend of Joseph Weichselbaum, had purchased two condominium units in Trump Tower, New York, New York. The units, Unit #49-A and #49-B, were both purchased from a prior owner for \$1,175,000 each on July 21, 1988. No documentation has been uncovered which indicates an ownership interest by Weichselbaum in the aforementioned condominium units.

Two sworn statements of DJT were conducted by the Division in recent years regarding the Weichselbaum and other unrelated matters. Those statements were taken on September 18, 1990 and August 26, 1992. DJT has stated that he first met Weichselbaum through the late Trump casino executive Stephen Hyde. Weichselbaum's company, Damin Aviation, previously provided helicopter service to the casinos. Weichselbaum was placed on the Commission's Prohibited Vendor List on May 5, 1992 following acceptance of a two year exclusion from the casino industry.

During the September 18, 1990 sworn interview, DJT could not recall if he had written any letters of reference to the federal judge who sentenced Weichselbaum. Subsequently, the Division obtained such a letter and DJT has acknowledged that it bears his signature. The letter, dated September 15, 1986, was sent to Mr. Weichselbaum's attorney, Michael Critchley, in West Orange, New Jersey, with the understanding that it would be transmitted to the federal judge who was to sentence Weichselbaum.

The letter of reference indicated, that Weichselbaum was "conscientious, forthright and diligent" in his business dealings with Trump Plaza Hotel and Casino and Trump's Castle Hotel and Casino and that he was a "credit to the community." DJT could not recall who asked him to write the letter of reference.

DJT has not communicated with Weichselbaum for many years although he did see him walking through Trump Tower recently. He has no present business or social relationship with Weichselbaum. DJT believes that Weichselbaum lives with a girlfriend in a Trump Tower condominium which is owned by the girlfriend.

The Division is not in possession of any credible information which would suggest that DJT asked Weichselbaum to permit his friend Marla Maples to reside in a Weichselbaum condominium. DJT has emphatically denied this allegation.

B. Real Estate Purchase In Atlantic City From Sal Testa

The book contains an allegation that DJT paid double the market price for a piece of Atlantic City property owned by Sal Testa, an alleged organized crime figure and part of the Nicodemo Scarfo crime family. The author further alleges that title to the property was transferred from Testa to the secretary of Patrick McGahn, a former Trump attorney, and then reconveyed to a Trump entity.

In the early 1980's the Division investigated this real estate transaction. The facts are as follows: On October 5, 1982, DJT telephoned then Division Deputy Director, Anthony J. Parrillo, to advise him of his interest in purchasing a corner parcel of property on Missouri and Pacific Avenues in Atlantic City for use as a parking facility for the casino hotel now known as Trump Plaza which was then about to be constructed. DJT advised Deputy Director Parrillo that housed on the aforementioned property was a bar which DJT believed to be owned by members of the "Testa Group." Because DJT did not want to negotiate with those people directly, he instructed his attorney, Patrick T. McGahn, Jr., to deal with a broker and arrange for a cash deal.

With respect to the property in question, by deed dated July 11, 1977, Jeanne's Enterprises transferred the property to Frank J.

Narducci, Jr. and Salvatore A. Testa. By deed dated April 1, 1982, Narducci conveyed his interest in the property to Testa.

By letter dated October 6, 1982 from DJT to McGahn, DJT advised that he authorized McGahn to purchase the property as a nominee for such entity which DJT would thereafter designate in writing. DJT also requested that McGahn ensure that the property would be fully assignable.

By letter dated October 7, 1982, McGahn forwarded an agreement of sale for the property between Linda DeGregorio, a paralegal in McGahn's firm or her nominee, and Salvatore Testa to John Bradley of Philip Gruber Real Estate, a broker for the Testa property. The purchase price set forth in the agreement was \$1,100,000. The correspondence included a check in the amount of \$50,000 from the trustee account of the McGahn law firm payable to Philip Gruber Real Estate as an initial payment. By correspondence also dated October 7, 1982, DeGregorio advised McGahn that she assigned her interest in the property to McGahn as agent for DJT and set forth that she was acting as a straw person in the transaction to obtain the best possible price.

The closing on the property was held on November 4, 1982 in McGahn's law office in Atlantic City. Salvatore Testa, Robert Simone-- Testa's attorney, Alvin Lippman-- a real estate broker, Chris Scarfo-- the son of Nicodemo Scarfo and a real estate

salesperson employed by Lippman, Philip Gruber-- a real estate broker, Arthur Sklar, Esq. of Levine, Stoller, Sklar and Chan, Patrick T. McGahn, Esq. and representatives of the Pioneer National Title Insurance Company attended the closing. The \$1,100,000 purchase price of the property was paid in cash. Testa received a check in the amount of \$936,832.93, and the brokerage firms each received a \$50,000 commission from the proceeds payable to Testa. DJT provided the funds to Pioneer National Title Insurance Company, and that firm issued the checks and paid the fees. According to Robert Trump, DJT's brother, the Trumps did not ascertain that the Alvin Lippman real estate agency was involved in the transaction until the settlement documents were received. Following the above-stated closing, DeGregorio transferred her interest in the property to DJT for nominal consideration. There is no evidence to suggest that the price for the property was out-of-the-ordinary.

The foregoing information was fully reported to the Commission in a Division letter report dated January 31, 1984 on the qualifications of DJT. The Division has no further information to report to the Commission as to this decade-old transaction.

C. Ken Shapiro/Daniel Sullivan Association

Barrett alleges that DJT maintained a decade-long relationship with Ken Shapiro, an investment banker for the former reputed Philadelphia crime boss Nicodemo Scarfo, and Daniel Sullivan, a

labor official and consultant. Additionally, Barrett contends that DJT used Shapiro and Sullivan to funnel campaign contributions to Michael Matthews, a former mayor of Atlantic City.

Ken Shapiro was a 25% partner in SSG Enterprises ("SSG"). That partnership owned and leased a portion of the land upon which the Trump Plaza Casino and Hotel was built. The other partners in this enterprise included Daniel Sullivan and Elliot Goldberg. The activities of Daniel Sullivan and SSG Enterprises were reported and discussed in the Division's initial licensure report on Trump Plaza Corporation and DJT dated October 16, 1981. The Division thoroughly set forth the relationship between DJT and Sullivan in the initial report and concluded that the contacts between DJT and Sullivan, to the extent that they then existed, did not impact adversely upon DJT's qualifications. Sullivan, it should be noted, had a somewhat extensive criminal record and a number of unsavory associates. As to Shapiro, DJT's only relationship with him was through SSG.

Prior to the opening of Trump Plaza in May 1984, various discussions occurred among Trump Plaza, its lessors, the Commission and the Division relating to SSG's licensure status. As a result of a petition filed with the Commission, it was determined that SSG and the other lessor groups were financial sources of DJT's proposed casino hotel. From late 1982 through the autumn of 1983 requests for information were made of SSG relating to the nature

and scope of the filings to be made by SSG with the gaming regulators. Because of SSG's failure to cooperate fully with the Division's investigation by filing appropriate information, an order to show cause was entered by the Commission in the fall of 1983. As a result of the order to show cause, the status of the lessor groups was redetermined by the Commission, and they were each designated as a casino service industry.

In late 1983, DJT entered into a partnership agreement with Harrah's Associates regarding the proposed Trump Plaza Casino and Hotel and its management. SSG refused to cooperate with the regulatory process, and in 1983, the Harrah's Associates/Trump partnership executed its buy-out option under the SSG lease whereby the partnership consisting of DJT and Harrah's purchased the land owned by SSG. The effect of this transaction, as it was structured, was to remove SSG as a casino service industry and financial source of Trump Plaza. The approximate purchase price of the land was \$8 million, and following a Division report and hearing by the Commission, the business transaction was approved by the Commission in late 1983. The buy-out was consistent with the terms of the lease and did not represent a windfall profit for SSG. A review of available documentation shows that DJT's relationship with SSG was arms length and did not adversely impact upon his qualifications.

No information exists to suggest any business or social relationship by DJT with either Shapiro or Sullivan since the early 1980's.

The allegation that DJT may have used Shapiro or Sullivan to make campaign contributions to former Atlantic City Mayor Michael Matthews is new. As such, the Division conducted an inquiry into this matter and has not uncovered any information to lead us to believe the truth of the allegation.

D. William Kaszycki/Polish Immigrants

The author asserts that DJT hired William Kaszycki, a contractor, to perform demolition work in 1980 at the construction site at Trump Tower in New York City and that Kaszycki thereafter hired, with either the approval or acquiescence of DJT, illegal Polish aliens to undertake the demolition work. This matter is well known publicly and resulted in litigation in the United States District Court for the Southern District of New York before Judge Charles Stewart.

The background of this matter is as follows. In 1979, the Trump Organization and the Equitable Life Assurance Company entered into a joint venture to demolish the old Bonwit Teller building on 5th Avenue in New York City and construct a new building to be known as Trump Tower. To perform the demolition work,

Trump/Equitable hired William Kaszycki and his company, Kaszycki and Sons Contractors, Inc. Kaszycki, pursuant to an agreement for the demolition, was responsible for providing labor, equipment and workers in conjunction with the project.

Kaszycki employed both union and non-union workers. The non-union workers consisted of approximately 200 Polish aliens. To obtain workers for the project, Kaszycki entered into a collective bargaining agreement with a local union which provided that Kaszycki pay 8% of total wages to the union's insurance fund and 10% of wages to its pension fund for both union and non-union workers.

During the course of this 1980 project, Kaszycki experienced financial difficulties and did not pay the union as required by the collective bargaining agreement. To avoid a work stoppage, the Trump/Equitable partnership transmitted some of the payments to the union on behalf of Kaszycki. Kaszycki was never sued by Trump/Equitable to recover the money it had contributed (over \$400,000) to the funds because such a lawsuit was deemed to be fruitless.

At a later date, one of the workers, Henry J. Diduck, filed a complaint with the United States Department of Labor. After an investigation, the Labor Department sued Kaszycki to collect minimum wages for Diduck and the other Polish non-union workers.

The case resulted in a judgment against Kaszycki in the amount of \$570,000.

In August 1983, Diduck sued Kaszycki civilly for an estimated \$600,000 owed to the union funds for the Polish workers. During June 1984, Diduck filed a motion to amend his complaint which added various Trump defendants and sought relief derivatively and as a class action. One of the claims in the new motion charged that the Kaszycki defendants and the Trump defendants committed fraud actionable under the Racketeer Influenced and Corrupt Organizations Act, 18 U.S.C. 1961(1)(B). In a decision dated July 1988, Federal Judge Stewart granted the Trump defendants' motion for summary judgment dismissing the claims against DJT and affiliated entities and entered a default judgment against Kaszycki. On May 1989, the United States Court of Appeals reversed the July 1988 decision and rejoined DJT and affiliated entities as defendants in this action.

On June 6, 1991, Judge Stewart ruled that the defendant, Trump-Equitable Fifth Avenue Company participated in the breach of fiduciary duty and was liable for the sum of \$768,374. On June 21, 1991 the Trump defendants filed a notice of appeal with the United States Court of Appeals. The appeal is currently pending. Previous Division investigation of this matter included questioning of Thomas Macari, Project Manager and Vice President of Trump/Equitable. He was questioned regarding the hiring of Kaszycki and if anyone in the Trump Organization was aware of any

problems regarding the Polish aliens. Macari stated that he hired Kaszycki and that no one was aware that there were difficulties involving the Polish nationals.

In the testimony of DJT during the trial on July 12, 1990, he stated that Thomas Macari was in charge of the demolition. DJT further stated that he was not aware that the Polish workers were being underpaid or, in some cases, not being paid at all. The federal court decision suggests nothing to the contrary. In a sworn Division interview, DJT has testified consistently as to his lack of knowledge of the underpayment of the Polish nationals. The central reason for a finding of liability in the federal litigation against Trump/Equitable stemmed from the actions of Macari. Macari has not worked for the Trump Organization since the early 1980's.

E. Agreement with Hotel Restaurant Employees and Bartenders International Union, Local 54

Barrett suggests that there was something untoward about the fact that Trump's Castle Associates and Trump Plaza Associates resigned from the Atlantic City Casino Hotel Association on the eve of a 1986 strike by the Hotel Restaurant Employees and Bartenders International Union, Local 54 ("Local 54") and that these two Trump casinos thereafter signed separate agreements with Local 54 sparing them the problems of the strike. At that time, the Division conducted an investigation into the matter and fully reported its findings to the Commission in a Trump Plaza Associates renewal

report dated April 7, 1987 and a Trump's Castle Associates renewal report dated May 13, 1987.

The basic facts were that on August 13, 1986, after the withdrawal of Trump's Castle Associates and Trump Plaza Associates from the Atlantic City Casino Hotel Association, both Trump hotel casinos entered into an agreement ("me too" agreement) with Local 54. The agreement provided that the collective bargaining agreement then in effect between the parties would remain in effect while Local 54 engaged in negotiations for improvements thereto with other hotel casino employers. At the time that Local 54 was successful in concluding new contracts with those other hotel casino employers, the agreements provided that both Trump hotel casinos would agree to and adjust such contracts as improvements and changes to the existing collective bargaining agreements.

The primary purpose for both Trump hotel casinos entering into the "me too" agreements was to avert a perceived work stoppage, as concerned Castle and Plaza employees who were members of Local 54 at that time. A work stoppage was deemed a possibility because Local 54 was negotiating new contracts with the various Atlantic City hotel casinos as certain existing contracts were due to expire on or about September 15, 1986. By entering into "me too" agreements, the Trump hotel casinos in effect relinquished their bargaining power in exchange for the promise of Local 54 that the two Trump hotel casinos would not be part of any strike. As a

result of the "me too" agreements, the subsequent September 1986 strike by members of Local 54 had little, if any, direct disruptive effect on the operations of the Castle and the Plaza. On November 28, 1986, both Trump hotel casinos and Local 54 entered into agreements amending their existing collective bargaining agreements.

The Division is not in possession of any further information which would alter that which was previously reported to the Commission in 1987.

F. Association with Attorney Roy Cohn

Barrett suggests that DJT became a virtual son to the late Roy Cohn, a flamboyant and well-known New York attorney. Barrett points out that Hilton New Jersey was denied a casino license in 1985, in large part, because of associations with Sidney Korshak, an attorney who allegedly had organized crime affiliations. Yet, Barrett observes that DJT's affiliations with and use of Roy Cohn was never scrutinized by the New Jersey regulatory agencies.

Roy Cohn gained national attention in the mid-1950's when he became chief counsel to a United States Senate Committee chaired by the late Senator Joseph McCarthy of Wisconsin. Thereafter, he became a well-known New York attorney with a diverse law practice

which did, at times, include the representation of individuals of unsavory backgrounds.

Indeed, DJT himself has recognized that Mr. Cohn's background and life were somewhat out of the ordinary. Indeed, in DJT's 1987 book entitled Trump: The Art of the Deal, at page 68, he wrote that: "I don't kid myself about Roy. He was no Boy Scout."

In his career Cohn was indicted on several occasions in Illinois and New York, although he was never convicted. Cohn was also the subject of lengthy Internal Revenue Service audits regarding his expense account. In 1986 he was disbarred by the State of New York after a prolonged disciplinary probe and hearing. It should be noted that DJT testified as a character witness for Cohn in the 1986 disbarment proceedings. Cohn died shortly thereafter.

According to DJT, he first met Cohn some time in the 1970's at Le Club, a private club in New York City. Subsequent to that meeting Cohn represented DJT in a number of matters. For example, Cohn was the attorney who crafted DJT's initial pre-nuptial agreement with his former wife Ivana in 1977. DJT has stated that he chose Cohn for this task because he was aware that Cohn represented many prominent individuals and would often counsel them to sign pre-nuptial agreements.

Cohn also represented DJT, his father Fred Trump and affiliated Trump entities in the 1970's in a lawsuit brought by the United States Department of Justice against them for violations of the Fair Housing Act of 1968, 42 U.S.C. Section 3601, et. seq. The complaint alleged that the defendants, through the acts of their employees and agents, had discriminated against individuals based upon race in operating certain apartment buildings. Ultimately, a consent decree was reached with the government. This litigation was fully reported to the Commission by the Division (at pages 81-85) in its October 16, 1981 report regarding the initial application of Trump Plaza Corporation for a casino license.

In the early 1980's Cohn represented DJT with respect to a tax abatement matter regarding Trump Tower in New York City. Cohn also represented DJT on other matters as well, including, for instance, landlord/tenant problems. Cohn's advice was also sought out with respect to an antitrust lawsuit filed in the mid-1980's by the United States Football League against the National Football League. That was the last legal matter where DJT sought Cohn's advice. According to DJT, Cohn was one of many lawyers that he employed. In the late 1970's, for example, lawyers with the New York City law firm of Dreyer & Traub were his primary attorneys and still perform a significant amount of legal work for him, although numerous law firms represent him today on various legal matters.

With respect to Cohn, DJT became a personal friend of his and would, on occasion, attend parties or social events where the New York attorney was present. Cohn attended the 1977 wedding of DJT and his former wife Ivana. Also, just prior to Cohn's death in 1986, DJT invited Cohn to his Mar-a-Lago residence in Florida.

Mr. Barrett in his book suggests that Cohn was a trusted aide, confidant and mentor of DJT and that Cohn used his contacts with New York City officials to act as an intermediary for DJT. DJT disputes that Cohn was an aide or confidant and indicates that he did not require Cohn to act as an intermediary. According to DJT, he was and is familiar with most of the prominent officials in New York and did not, and does not, need an intermediary on his behalf.

Other than his representation of DJT on legal matters, the Division has not uncovered any situation where DJT and Cohn had business dealings together. Nor did they ever own any property together.

In 1986, Cohn died. DJT attended his funeral service. Obviously, the attorney-client and social relationship that DJT had with Cohn ended at that time.

G. Party for Mayor James Usry's Wife on the Trump Princess Yacht

Barrett suggests that DJT has significant involvement with political figures and that a 1989 birthday party hosted by then Trump attorney Patrick T. McGahn, Jr. aboard the Trump Princess yacht in honor of the wife of then Atlantic City Mayor James Usry is illustrative of DJT methods of influencing political figures.

The Division conducted in 1989 a full investigation into the circumstances involving the party hosted by McGahn aboard the Trump Princess. On July 6, 1989, a cocktail reception and dinner sponsored by Atlantic City attorney McGahn for the wife of Atlantic City Mayor James Usry was held aboard the Trump Princess yacht, followed by a dinner party for the Usry group at Delfino's restaurant located within the Trump's Castle facility. In August 1989, the Division initiated an investigation of these functions to determine (a) whether Trump's Castle violated Section 102(n) of the Casino Control Act, N.J.S.A. 5:12-102(n), by providing directly or indirectly to any person, such as Mayor Usry, any complimentary service or discount which is other than such service or discount that is offered to members of the general public in like circumstances, and (b) whether the internal record keeping procedures then in place were sufficient to account for food and beverage consumption as well as patron billings. The investigation included both sworn and unsworn interviews of Castle executives,

employees and outside participants in the affairs, in addition to a review of all available documentation relevant to the functions.

The investigation did not uncover any evidence that Trump's Castle executives and employees directly provided a complimentary service to Mayor Usry in violation of Section 102(n). However, the Division did express concerns over the way in which the affairs were handled and the subsequent billings that ultimately resulted. Specifically, the matter was not initially handled as a direct bill affair but was earmarked as a complimentary. It was not until after the well-publicized arrest of Mayor Usry in the latter part of July, some two weeks after the original party, that the costs of the affair were reclassified from a direct complimentary to the late president of Trump's Castle, Stephen Hyde, to a billable charge to Patrick McGahn. Additionally, investigation revealed that it was only after a phone call emanating from McGahn to high level Castle executives about the charges that any steps were taken to change the description of the affairs from a complimentary matter to a billable event.

Furthermore, charges in excess of \$2,000 for alcoholic beverages consumed by the Usry group on the Trump Princess yacht were not billed. It was not until the Division conducted a series of sworn interviews of key catering department personnel in the fall of 1989 that it was learned that McGahn was not billed for the cost of any alcoholic beverages consumed on the yacht. It was at

that time, after being advised by Division personnel of the non-billing, that a bill was transmitted by Castle to McGahn.

While Trump's Castle ultimately received payment for the affairs from Mr. McGahn, the circumstances surrounding the entire scenario gave rise to the appearance that Trump's Castle may have attempted to provide a complimentary service for the direct benefit of the Mayor and Mrs. Usry. Also, the Division investigation noted that Trump's Castle had deficient internal control procedures in accounting for the recording and billing of expenses incurred on the Trump Princess yacht.

The investigation relating to the McGahn/Usry dinner party was reported to the Commission on two occasions. The Commission was initially notified of the Division's findings when it was provided a copy of a Division letter addressed to Edward Tracy, former president and chief operating officer of Trump's Castle dated March 13, 1990. Further, the results of the investigation were reported to the Commission in a Division renewal report dated April 24, 1991, regarding the casino licenses of Trump Plaza Associates and Trump's Castle Associates.

The Division has no further information to report with regard to this incident.

H. Invocation of Fifth Amendment Privilege During Divorce Deposition

Barrett notes in his book that DJT invoked his Fifth Amendment privilege against self-incrimination approximately one hundred times in response to questions by Ivana Trump's divorce attorney about extra-marital affairs or "other women."

In the summer of 1990, DJT and his then wife Ivana were engaged in bitter divorce litigation. During that summer, DJT was deposed by Ivana Trump's divorce attorney on five separate occasions. Hundreds of questions were asked by Ivana Trump's attorney and answered by DJT. However, there were approximately one hundred questions that were posed by Ivana Trump's attorney regarding extra-marital affairs and relationships with other women. In response to these questions, DJT's attorney would invoke DJT's Fifth Amendment privilege against self-incrimination. Other objections, at times, were also raised to these questions, including relevance.

On December 21, 1990, DJT and his wife were awarded a divorce in the State of New York. On March 21, 1991, a property settlement agreement was reached between the parties.

I. Alleged Meeting with Anthony Salerno

Barrett alleges that the New Jersey regulatory authorities failed to consider the relationship between DJT, Roy Cohn and the late Anthony "Fat Tony" Salerno, a high-ranking member of a New York City organized crime family. In the April 7, 1987 Division renewal report regarding Trump Plaza Associates, a federal racketeering indictment, which alleged, among other things, that 16 defendants arranged for S&A Concrete Company, Inc. ("S&A Concrete") and its affiliates to be the main beneficiaries of a bid-rigging scheme, was noted to the Commission. The Division observed at that time that the indictment alleged that S&A Concrete was secretly owned by Nicholas Auletta, an associate of the Genovese crime family, Anthony Salerno, the boss of the Genovese crime family, who were both expressly named as defendants in the indictment, and others. The Division report went on to observe that the indictment alleged that the defendants conspired to determine which concrete construction companies would be permitted to bid for concrete superstructure construction subcontracts, valued at more than \$2 million, in the Borough of Manhattan. That indictment identified Trump Plaza, DJT's luxury cooperative apartment complex located at 167 E. 61st Street, New York City, New York, as one of the projects that was the subject of the conspiracy.

The Division pointed out in 1987 that the federal indictment expressly stated that the bid-rigging scheme was accomplished

without the knowledge of the respective construction managers, general contractors or developers. Moreover, the Division's investigation revealed that no evidence was uncovered to suggest that DJT had any knowledge of the scheme whatsoever. This remains true today as well.

More important to Barrett, however, is an alleged meeting which the author suggests occurred in 1983 at attorney Roy Cohn's New York City townhouse between DJT and Anthony Salerno. According to Barrett, this meeting was witnessed by a Cohn staff member who says she was present.

The Division does not have any information in its possession to suggest that such a meeting occurred. DJT, under oath, denies that any such meeting took place and has indicated that he never met Salerno nor communicated orally or in writing with him. DJT has also stated under oath that Roy Cohn never mentioned Salerno to him. DJT said he is also unaware of Cohn representing Salerno.

J. Alleged Association with Manny Ciminello

Throughout the book the author suggests, in addition to the Salerno meeting (see Section II (I)), supra, that DJT had certain associations or relationships with individuals affiliated with organized crime, the most notable being Manny Ciminello.

Manny Ciminello is a Bronx contractor whose name, at times, has been linked to members of organized crime. The Division is not in a position at present to state that Ciminello is an associate of organized crime. Ciminello, in the past, was a high-roller and gambled at many of Atlantic City's casinos. In June 1990, there was a public birthday party for DJT at Trump's Castle and approximately 1000 individuals attended. The Division cannot confirm that Ciminello was present but there is a strong likelihood that he was at the casino hotel and attended the reception. The Division draws no negative inference from such attendance.

Ciminello also apparently worked with S&A Concrete on the Trump Plaza project in New York City. However, as noted earlier (see Section II (I)), supra, the nefarious activities of S&A Concrete were unknown to DJT.

K. Audit of Grand Hyatt Hotel by the City of New York

Barrett observes in his book that the City of New York believed that it was shortchanged by \$2.8 million by the Grand Hyatt Hotel as a result of certain changes to accounting procedures. DJT is a partner of the Regency-Lexington Partnership ("Regency-Lexington"), which operates the Grand Hyatt Hotel, with an agency of the City of New York as its landlord. Pursuant to a management agreement, the Hyatt Corporation manages the hotel.

The genesis of this dispute arises out of a lease originally executed on December 19, 1977 between UDC/Commodore Redevelopment Corporation ("UDC/Commodore") and Wembley Realty, Inc. ("Wembley"). Wembley later assigned its rights to the lease to Regency-Lexington. The lease covers the property at 42nd Street and Lexington Avenue formerly known as the Commodore Hotel. In the mid-1970's the Commodore Hotel had become insolvent and closed. During this period, New York City was experiencing a severe fiscal crisis, and the business district surrounding the Grand Central Terminal area was especially depressed. The Urban Development Corporation ("UDC") focused on the area for renovation, and the Hyatt Corporation and Trump Organization agreed to invest the money necessary to create a first-class hotel.

Regency-Lexington, of which DJT is one of the partners, was formed to acquire the Commodore Hotel property from the trustees of the bankrupt Penn Central Transportation Corporation and, after a sale and leaseback with UDC, undertake renovation and create the Grand Hyatt Hotel. Under a separate agreement between the City of New York and the landlord, i.e., the UDC/Commodore, the rent paid under the lease to UDC/Commodore was to be conveyed to the City.

The lease agreement provides for the annual payment of rent by Regency-Lexington to UDC/Commodore according to a stipulated sum and based on a percentage of hotel "profit," as certified by an independent public accounting firm. Regency-Lexington engaged the

accounting firm of Laventhol & Horwath for the purpose of calculating and certifying to the landlord the percentage rental payment due annually.

It is from the definition of "profit" that the dispute arises. According to Regency-Lexington, the lease provides that hotel expenses are to be recognized as they are incurred, but hotel revenues, only when they are actually received. This would postpone receivables to the year of actual receipt. According to Regency-Lexington, it is important in the early growth stage of a hotel, when expenses and investments tend to be relatively large in relation to revenues, to provide a cash flow cushion providing that rental obligations calculated according to income should not take revenues into account until they are actually received. At the end of the 1986 year, the hotel management realized that it had not been taking advantage of these provisions and that it should do so. Thus, Regency-Lexington modified its accounting procedures.

Thereafter, the City commenced an audit with respect to the 1986 year. On November 21, 1989, the City issued a Final Audit Report and subsequently, on December 15, 1989, made demand for \$2,870,259 which it claimed was owed to it for the 1986 year.

Currently, the dispute is in litigation in the Supreme Court of New York, County of New York (Index No. 90-257). The matter is still in the discovery stages.

L. Verina Hixon and John Cody

There are allegations in the book that DJT sought labor peace in the early 1980's regarding the construction of Trump Tower in New York by providing a condominium in that building to Verina Hixon, a female friend of John Cody, leader of a concrete union and an alleged organized crime associate. Further allegations are that Ms. Hixon received \$500,000 to settle litigation with DJT.

The Division's investigation has not uncovered any evidence to suggest that DJT gave Verina Hixon one or more condominiums in Trump Tower as an accommodation to John Cody. Throughout the 1980's, in fact, extensive litigation with Ms. Hixon occurred. For example, on July 10, 1984, the Trump-Equitable Fifth Avenue Company, a New York partnership of which DJT is one of the partners, instituted litigation against Verina Hixon in the Supreme Court of the State of New York (Index No. 16276/84) alleging that Hixon had entered into a contract with Trump-Equitable regarding alterations and improvements on six condominium units in Trump Tower that Hixon had purchased several years earlier. The lawsuit alleged that Hixon failed to pay Trump-Equitable for the improvements which totalled approximately \$250,000. Thereafter, a number of amended answers and counterclaims were filed by Hixon. Hixon alleged, among other things, that the construction work was not satisfactorily completed.

On March 1, 1985, a Settlement Agreement was entered into between Trump-Equitable Fifth Avenue Company, the Residential Board of Trump Tower Condominium and Hixon. Hixon accepted a \$500,000 settlement from Trump-Equitable of which \$68,251.59 was payable to the Residential Board of Trump Tower Condominium for unpaid common fees associated with Hixon's condominiums. The condominium association had previously instituted litigation seeking compensation for unpaid common charges. Further litigation for unpaid common charges occurred in the late 1980's and was complicated by bank foreclosure proceedings and a bankruptcy filing by Ms. Hixon.

The Division's review of the Hixon condominium matter does not suggest any impropriety on DJT's part. Associated with the Hixon matter is the allegation by Barrett regarding a purported investigation of DJT and John Cody by law enforcement authorities stemming from the Hixon condominium ownership in Trump Tower. As to this latter matter, some time around 1980, an agent of the Federal Bureau of Investigation spoke to DJT regarding John Cody. DJT was viewed by the federal authorities as a possible victim of Cody and was not the subject of the investigation. DJT was cooperative with the federal investigator and spoke to him without any attorney present. In the end, there was no evidence that DJT could provide that was useful against Cody.

It should be noted that Cody was subsequently tried and convicted on a number of federal charges and thereafter incarcerated.

M. Fred Trump Chip Purchase at Trump's Castle

Barrett alleges that the December 1990 \$3.5 million chip purchase by a representative of Fred Trump, the father of DJT, was illegal and circumvented bank agreements allowing Fred Trump to position himself ahead of other creditors. This chip purchase episode has been addressed previously by the Commission and the Division. In exchange for its receipt of \$3.5 million from Fred Trump on December 17 and 18, 1990, Trump's Castle transferred \$3.5 million in gaming chips to a representative of Fred Trump. These chips were not used for gaming purposes. This episode was the subject of a Division complaint (91-1060-VC) filed on April 3, 1991 and a Stipulation of Facts and Settlement Agreement also filed on April 3, 1991 and a Supplemental Stipulation of Facts filed on June 26, 1991. In the Stipulation, Trump's Castle admitted that by receiving \$3.5 million during December 1990 without prior notice to the Commission from a financial backer or holder of evidence of indebtedness who had not yet qualified or applied for qualification as a financial source, i.e., Fred Trump, that it violated N.J.S.A. 5:12-84b and 95.12a and paragraph 24 of Commission Resolution No. 89-122. Further, because the Castle's casino internal control system approved by the Commission did not expressly contemplate its

cashier's cage receiving front money deposits from and disbursing gaming chips to a patron through an "attorney-in-fact" for such patron, the casino hotel by receiving such deposits and disbursing such gaming chips violated N.J.S.A. 5:12-99b.

On June 26, 1991, the Commission accepted the Settlement and a \$65,000 civil penalty was imposed on Trump's Castle. This was memorialized by Commission Order No. 91-20-16 dated July 3, 1991. Previously, on June 5, 1991, the Commission found that Fred Trump was qualified as a financial source of Trump's Castle.

On August 21, 1991, in finding that the then proposed Trump's Castle restructuring plan would establish the licensee's financial stability through May 1993, the Commission imposed a requirement that the Fred Trump chips not be redeemed or transferred without Commission approval. The final Trump's Castle restructuring plan was approved by the Commission on May 13, 1992, and it became effective on May 29, 1992. As a consequence of the Commission's Order, until October 1992 none of the chips had been redeemed.

On August 24, 1992, Trump's Castle filed a petition with the Commission (PRN 237201) seeking approval to redeem \$1.0 million of these Fred Trump gaming chips. On September 30, 1992 the Commission approved the request, and in October 1992, \$1.0 million of the chips was redeemed.

In view of the foregoing, the Division has no further information to report to the Commission at this time.

N. Alleged Investigation by United States Justice Department regarding Option on Penn Central West Side Rail Yards

Barrett suggests that DJT failed to disclose to the Commission on his initial personal history disclosure form that he was the "target" of a criminal investigation by then United States Attorney Ed Korman. According to Barrett, Korman's New York office was examining allegations about how DJT obtained in the 1970's an option to purchase Penn Central's West Side Rail Yards.

The Division cannot substantiate that DJT was the "target" of any criminal investigation. Rather, a federal investigator did speak to DJT about the option in 1979. DJT was not represented by an attorney and the interview was apparently informal. No further action ever arose, as far as the Division can determine, from this interview.

DJT has indicated under oath that he did speak informally to a federal investigator some time around 1979 regarding the option on the Penn Central Rail Yards. However, he has stated that he was never advised that he was the "target" of a criminal investigation.

The Division does not believe that it has been misled by DJT regarding this matter.


III Conclusion

As noted at the outset of this report, the Division has conducted this inquiry as a result of the 1992 publication of Barrett's book about DJT. Most of the significant matters in the book have been previously investigated by the Division and reported to the Commission. Other matters have been examined in light of previous investigations. Having reviewed its files and re-examined certain matters, as well as having conducted additional inquiries where appropriate, the Division does not presently believe that the integrity or character of DJT is affected negatively by items set forth in Trump: The Deals and the Downfall.

Respectfully submitted,

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