

Court filing by New York attorney general reveals massive fraud at highest levels of Trump Organization

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In a court filing Tuesday seeking an order to compel documents and testimony from former President Donald Trump, Donald Trump, Jr. and Ivanka Trump, New York Attorney General Letitia James detailed a portion of her ongoing investigation into Trump family businesses and the Trump Organization.

The documents submitted in the filing reveal a web of criminality and fraud at the heart of the Trump business empire.

As with the attempts by the House Select Committee on January 6 to compel testimony from high-level Trump coup conspirators such as Steve Bannon, Mark Meadows and Rudy Giuliani, Trump has rebuffed the New York investigation, claiming to be protected by “executive privilege.”

James notes in her submission that other witnesses close to Trump questioned by her office have “professed faulty memories or asserted that they were following instructions from more senior employees.”

The New York Office of the Attorney General (OAG) began investigating Trump’s businesses in 2019, following congressional testimony from Michael Cohen, a former Trump lawyer/fixer and one-time executive vice president at the Trump Organization. Cohen testified to Congress that Trump had a practice of falsely inflating or deflating his assets in accordance with his financial needs.

However, far from an aberration, the fraudulent practices employed by the Trump family and their associates at the Trump Organization are pervasive within the financial oligarchy as a whole. Decades of deindustrialization have given rise to an American capitalist economy increasingly based on financial parasitism, inflated assets and market valuations, and tax evasion, propped up by a never-ending infusion of money from the Federal Reserve.

In her 115-page filing, James alleges that over the period 2004-2020, Trump misrepresented his assets to banks, insurers and the Internal Revenue Service. Trump repeatedly lied about development plans on properties he owned in order to inflate their value and acquire new loans from banks, in turn boosting the supposed “value” of the Trump brand.

James stated that Trump, daughter Ivanka and eldest son

Donald, Jr., all of whom are seeking to quash the subpoenas, “must be compelled to testify” about “fraudulent or misleading” claims on Trump’s Statements of Financial Condition, annual reports prepared by the Trump Organization that were used to obtain more than \$300 million in loans. James is requesting that Trump comply with document requests within 14 days and appear for a deposition in 21 days, and that Don Jr. and Ivanka provide testimony and documentation within 21 days.

The court filing makes clear that the would-be dictator did not conduct his criminal business activities alone. James writes: “Donald Trump, Jr. and Ivanka Trump worked as agents of Mr. Trump and acted on their own behalves, and supervised others in connection with the transactions at issue here...”

According to the OAG filing, the Statements of Financial Condition are “assertions of net worth, based principally on asserted values of particular assets minus outstanding debt,” relating to Trump or the trustees of the Donald J. Trump Revocable Trust, which include Don Jr.

From 2004 until 2020, the annual statements were compiled by the accounting firm Mazars USA LLP, which relied on “a supporting data spreadsheet and backup material prepared by the Trump Organization.” In addition to being submitted to Mazars, the statements were used by “counterparties” in evaluating “Trump’s financial condition.”

James writes that the statements or backup materials the Trump organization submitted to “counterparties,” compared to those submitted to Mazars, were “often inaccurate or misleading to a reader.”

The attorney general claims that the statements not submitted to Mazars “misstated objective facts, like the size of Mr. Trump’s Trump Tower penthouse; miscategorized assets; failed to use fundamental techniques of valuation and misstated the purported involvement of ‘outside professionals’ in reaching valuations.”

James highlights seven specific Trump businesses or properties currently under investigation by the OAG. While the circumstances and figures are different for each one, they all exhibit similar features of parasitism and deceit.

The Seven Spring Estate is approximately 212 acres of property in New York's Westchester County purchased by Trump in 1995 for \$7.5 million, about \$2.5 million below the list price.

The property includes a mansion that Trump has not visited in four years, according to a March 2021 account by the Associated Press. Trump boasted of building a golf course and "super-high-end residential" homes, none of which have materialized. An appraisal prepared for the Royal Bank of Pennsylvania and sent to the Trump Organization in 2000 valued the market value of the property "as-is" at \$25 million, while a 2006 appraisal from the same bank showed an "as-is" market value of \$30 million.

Yet in its 2004 annual statement, the Trump Organization claimed the value of the property was \$80 million. Three years later, its alleged value jumped to \$200 million; by 2009 it was "worth" \$251 million; and by 2012 it had jumped to \$291 million.

Speaking to the OAG, Jeffrey McConney, senior vice president and controller at the Trump organization, claimed the meteoric rise in value included "the full amount that would be generated from the sale of the non-existent homes, without taking into account the years it would take to construct infrastructure, build homes, obtain necessary approvals and sell the number of homes identified in the supporting data."

Asked by the OAG to explain the difference in valuations during an October 5, 2020 deposition, Eric Trump invoked the Fifth Amendment, something he did "over 500 times" in the course of his deposition, according to James.

In an attempt to mask this fraud, the 2015 annual statement, which was not issued until March 2016, failed to list the Seven Springs property as a separate item, as previously done, and instead moved it into a "catch-all category of 'Other Assets' which increased in value by \$219.6 million between the 2014 and 2015 financial statements," wrote James.

There was similar chicanery at Trump's Aberdeen, Scotland golf course. The Trump Organization bought the golf course for \$12.6 million in 2006. Citing an email sent to an accountant, with the expectation that it would be reprinted in *Forbes* magazine, Trump's 2011 annual statement claimed the property was worth \$161 million. The same email was cited in the 2012 and 2013 statements. By 2014, the property was worth \$435.56 million, according to Trump, three times its purported value just four years prior.

Quoting documents provided by witnesses, James writes that in the 2014 valuation, "more than four-fifths of the value (\$391.393 million) was derived from the Trump Organization's estimate of the residential development *potential* of the property." (Emphasis added.)

The same trickery was employed in regard to Trump's Park Avenue building in Manhattan. An appraisal from the Oxford Group in connection with a \$23 million loan from Investors Bank found the property to be worth \$72.5 million, with

approximately \$55.1 million of that value derived from residential and storage units.

In 2010, 2011 and 2012, Trump's annual statements valued the property at more than \$292 million, roughly six times the appraised value.

James writes that, "The Trump Organization maintained its own internal estimates of current market value that were considerably lower than the values employed for Mr. Trump's Statements of Financial Conditions."

While police routinely beat, bludgeon and kill workers and youth for the most trivial of alleged crimes, neither Trump nor any of his children accomplices has been charged, much less sniffed the inside of a jail cell, despite the massive criminality uncovered by the OAG's three-year investigation.

In fact, the examples of financial fraud compiled by the New York attorney general are only the tip of the iceberg of tax evasion and swindling carried out by the Trump Organization.

In September of 2020, the *New York Times* published a detailed analysis of the tax returns of then-President Trump spanning 20 years. It showed how the family holding company used shell companies and subsidiaries to evade the payment of taxes and show paper losses to offset real income. Trump paid zero income taxes in 10 of the 15 years before he ran for president, and paid a total of \$750 in 2016 and 2017—about the same amount as a waitress working for the minimum wage.

In 2018, the *Times* published an equally detailed analysis of how Trump's father manipulated the tax system to pass on the bulk of his wealth to his son Donald while paying an effective tax rate of only 10 percent, well below the official estate tax rate of 55 percent.

The WSWS commented at the time: "With its detailed exposure of the Trump fortune, the *Times* has unwittingly confirmed the insistence of socialists that the continued existence of a parasitic oligarchy is incompatible with the most basic social and democratic rights of the vast majority of the population."



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