

# Trump Organization chief financial officer Allen Weisselberg pleads guilty to tax fraud

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On Thursday, the long-time chief financial officer of the Trump Organization, Allen Weisselberg, pleaded guilty to all 15 counts leveled against him in a 2021 grand jury indictment. He did so as part of a plea deal reached with Democratic Manhattan District Attorney Alvin Bragg.

Weisselberg, in an admission that implicates his life-long employer, pleaded guilty to engaging in a criminal conspiracy with an unindicted co-conspirator and the Trump Organization to “defraud federal, New York state, and New York City tax authorities.”

The charges to which Trump’s “money man” pleaded guilty include: conspiracy, grand larceny, criminal tax fraud and falsifying business records. The total value of compensation that Weisselberg received but did not report to the government was over \$1.7 million from 2005 through 2021.

Instead of going to trial and risk spending the rest of his life in prison, Weisselberg pleaded guilty to overseeing an “off the books” operation at the Trump family companies. The scheme centered around keeping separate accounting books to hide payments and gifts given to Weisselberg, and others, in order to avoid paying taxes.

The indictment alleged that the CFO failed to report his extra compensation to the Internal Revenue Service. While this compensation was not reported on Weisselberg’s W-2 tax forms, it still figured into Trump Organization business expenses for the purpose of securing tax benefits for the companies.

The “gifts” that went unreported included rent payments for luxury apartments; lease payments on two Mercedes-Benz vehicles; home furnishings, including furniture and flat-screen televisions; monthly cable television bills; high-priced private schooling for his grandchildren; and generous holiday bonuses.

Weisselberg admitted to hiding from the IRS \$359,058 used for tuition expenses for multiple family members, \$196,245 on Mercedes-Benz automobile leases, and \$29,400 in cash bonuses.

When the indictment was initially issued against Weisselberg last summer, ex-President Donald Trump released a statement defending the fraudulent practices of his employee as “standard practice” in the “US business community, and in no way a crime.”

Trump is not incorrect. The criminality in which his CFO and his companies routinely engaged is common among all major US corporations and financial institutions. Billionaires, from Trump to Tesla CEO Elon Musk and Amazon’s Jeff Bezos, hire teams of accountants and lawyers to “legally” and illegally hide their earnings and compensation packages in order to skimp on paying taxes, while at the same time claiming massive paper losses to the IRS in order to reap generous tax benefits.

This type of financial chicanery is common among the ruling elite in all capitalist countries, but is perhaps most pervasive in the United States, home to over 735 billionaires, according to *Forbes*, who are collectively worth more than \$4.7 trillion. According to figures from the Federal Reserve, the total wealth of the top 1 percent reached a record \$45.9 trillion by the end of 2021, accounting for nearly 33 percent of all wealth in America.

The wealth of the top 1 percent increased by more than \$12 trillion, or more than a third, since the beginning of pandemic, which has killed over 1.1 million Americans, overwhelmingly working class and poor.

At the end of the first quarter of 2022, the Federal Reserve reported that the top 1 percent saw a slight decline in their wealth, but still hoarded \$44.92 trillion of the roughly \$141 trillion in wealth produced in the US. Meanwhile, the bottom 50 percent of the country, over 160 million people, controlled only \$3.92 trillion combined.

In seeking to have the case against Weisselberg and the Trump Organization dismissed, the defendants’ lawyers argued that the targeting of Weisselberg and Trump’s companies was politically motivated. Last week, Judge Juan Merchan rejected the defense’s dismissal motion, paving the way for the trial to

begin this October.

Under the terms of his plea bargain, Weisselberg is expected to spend roughly 100 days at Rikers Island Prison in New York City, followed by five years of probation.

Then-Manhattan District Attorney Cyrus R. Vance, Jr. indicted Weisselberg last summer in an attempt to force him to turn state witness and testify against his boss, Donald Trump, as part of an ongoing criminal investigation into the Trump Organization.

Earlier this year, the two top prosecutors in that criminal investigation resigned after Bragg indicated that he did not see himself bringing charges against Trump without an inside source, such as Weisselberg, who would be willing to testify against Trump directly. While Bragg says that criminal investigation is still ongoing, it does not appear any charges will be forthcoming anytime soon.

Despite the serious charges facing Weisselberg, Manhattan prosecutors were not able to induce him to testify against the former president or any other member of the Trump family. Weisselberg's loyalty to "the Don" was expressed in a statement released by the Trump Organization following the court proceedings.

It called Weisselberg "a fine and honorable man, who, for the past four years, has been harassed, persecuted and threatened by law enforcement, particularly the Manhattan district attorney, in their never-ending, politically motivated quest to get President Trump."

The statement went on to say that Weisselberg "in an effort to put this matter behind him and get on with his life, decided that the best course of action— for himself and his family— was to plead guilty."

The statement concluded: "The two Trump companies that the Manhattan DA has been targeting, however, will not be taking a plea for the simple reason that they have done nothing wrong. As a result, we now look forward to having our day in court, which, quite interestingly, has been scheduled for October 24— just days before the midterm elections."

While Weisselberg refused to flip on Trump, his plea agreement does require him to testify against the Trump Organization at the civil trial that is scheduled to begin in October. In order to maintain leverage over Weisselberg, the government will not be sentencing him until after he testifies.

Another condition of Weisselberg's plea agreement is that he pay nearly \$2 million in back taxes, interest and other fines.

If the Trump Organization, which is facing 10 felony counts, is found guilty in the fall trial, no single person will go to jail— but the company could be forced to pay back taxes and fines, potentially crippling it.

At Thursday's hearing, Weisselberg acknowledged that the fraud scheme was carried out in conjunction with Jeffrey McConney, the controller of the Trump Organization. McConney reported to Weisselberg and was granted immunity for his testimony, according to a CNN report. McConney is also the unindicted co-conspirator in the indictment.

Nicholas Gravante Jr., attorney for Weisselberg, said in statement after the hearing that the former Trump executive "decided to enter a plea of guilty today to put an end to this case and the years-long legal and personal nightmares it has caused for him and his family. Rather than risk the possibility of 15 years in prison, he has agreed to serve 100 days. We are glad to have this behind him."

Defense lawyers for the Trump Organization will have their work cut out for them this fall. It will be difficult to convince a jury that the Trump family business is not a criminal enterprise when the government's star witness will be the recently convicted former chief financial officer of the same organization.

Following the court proceedings, Manhattan District Attorney Bragg released a statement saying that the plea agreement "directly implicates the Trump Organization in a wide range of criminal activity and requires Weisselberg to provide invaluable testimony in the upcoming trial against the corporation."



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