

New York state files huge lawsuit against Trump for systematic fraud

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21 September 2022

New York state Attorney General Letitia James announced a civil suit Wednesday accusing former President Donald Trump, three of his adult children and the Trump Organization, his main business operation, of insurance fraud, tax fraud and other violations of state and federal law.

James asked the New York state Supreme Court to award damages of \$250 million, appoint an independent monitor to oversee the Trump Organization and bar Trump and his family from engaging in any real estate operations in the state for the next five years.

“The pattern of fraud that was used by Mr. Trump and the Trump organization was astounding,” James told reporters. She noted that, for ordinary people, it’s illegal to lie to banks to secure loans, whether it’s for mortgages or to send their children to college. “There cannot be different rules for different people in this country or in this state,” she said.

She also filed criminal referrals with federal prosecutors in New York City, calling for charges to be brought against Trump, Donald Trump Jr., Eric Trump and Ivanka Trump. The attorney general has no jurisdiction to file criminal charges in this case.

It should surprise no one that Trump is charged with being a swindler and a crook. But the 220-page lawsuit provides the most detailed account of the systematic efforts of Trump and his subordinates to overvalue business estates, mostly real estate holdings, when using them as collateral for bank loans and taking out insurance policies, while undervaluing them when paying state and federal taxes.

In many cases, the overvaluation was absurdly high and dependent on obviously fictitious estimates not only of the worth, but even the size. Trump’s apartment in 40 Wall Street in Manhattan, for instance,

was listed as more than 30,000 square feet and valued at \$327 million, when it was actually just over 10,000 square feet and worth—based on prices of other units in the same building—about \$45 million, or less than one-seventh of its purported value.

Trump’s country club in Westchester County had a valuation based on the high membership fees charged to those who joined it, but these fees were never collected. Rent-controlled apartments in buildings Trump had acquired in Manhattan were valued as though they could be sold or rented out on the open market.

Perhaps the biggest fraud was Trump’s valuation of the Mar-a-Lago estate, which came in at more than \$700 million, based on what it would be worth if sold off in individual parcels for building condominiums, even though such a sale was barred under various ordinances in Palm Beach.

It is not clear from the suit whether Trump’s claim to be a billionaire was actually fraudulent, but he is certainly accused of having grossly inflated his wealth, initially for financial reasons, and later as part of his campaigns for the Republican presidential nomination and then the White House.

The *New York Times* wrote: “Ms. James’s lawsuit strikes at the foundation of his public image and his sense of self. Its detailed dissection of Mr. Trump’s financial statements suggests that the success he has attributed to financial savvy and business acumen is instead the product of fraud and chicanery.”

The investigation by the state attorney general’s office has reviewed more than 1 million documents and taken testimony from 65 witnesses, James said. This included Trump and his children, who took the Fifth Amendment more than a thousand times in an effort to avoid testifying about their financial manipulations.

Trump himself took the Fifth more than 400 times during a deposition last month after he lost a long legal battle to avoid testifying.

In April, the state attorney general's office won an initial legal test when a state judge imposed a \$110,000 penalty on the Trump Organization for Trump's refusal to turn over financial documents. After paying the penalty, the Trump Organization eventually delivered the materials subpoenaed by James.

At a press briefing Wednesday, James outlined the case against the Trumps. "Mr. Trump and the Trump Organization repeatedly and persistently manipulated the value of assets to induce banks to lend money to the Trump Organization on more favorable terms than would otherwise have been available to the company," she said, "to pay lower taxes, to satisfy continuing loan agreements and to induce insurance companies to provide insurance coverage for higher limits and at lower premiums."

The response of the Trumps so far has been to scream "political witch hunt" by a Democratic officeholder who is up for reelection in November. A statement from the Trump Organization called the suit "an abhorrent abuse of power, waste of valuable resources and tens of millions of taxpayer dollars."



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