Background on Trump Organization Properties and Fraudulent Schemes

I. Fraudulent, Misleading Values of Properties and Other Properties

Properties and other asset values and associated descriptions presented in the Statements of Financial Condition were fraudulent and misleading. Examples include:

Trump Park Avenue, New York, NY
This property is included as an asset on Mr. Trump's Statement of Financial Condition (statement) from 2011 to 2021 with values ranging between $90.9 million and $350 million. In July 2020, the Trump Organization received an appraisal with a value of $84.5 million, but on the 2020 Statement the Trump Organization valued Trump Park Avenue at $135.8 million.

Rent-stabilized units at Trump Park Avenue
Unsold residential condominium units owned by Mr. Trump or the Trump Organization represented the lion's share of reported value for this property (in excess of 95% in some years). Reported values of the unsold residential units of the Trump Park Avenue building were significantly higher than the internal valuations used by the Trump Organization for business planning and failed to account for the fact that 12 of the units were rent-stabilized. For example, an independent bank-ordered appraisal in 2010 valued the 12 rent-stabilized units at $750,000 total. Yet, in the 2011 and 2012 statements, the rent-stabilized apartments at Trump Park Avenue were valued at the non-regulated market rate for nearly $50 million total.

Ivanka Trump's Apartment (Penthouse A & Penthouse B) at Trump Park Avenue
Ivanka Trump's rental agreement for a penthouse apartment (Penthouse A) in the Trump Park Avenue building included an option to purchase the unit for $8,500,000. But in the 2011 and 2012 Trump Organization statements, this exact unit was valued at $20,820,000 — approximately two and a half times as much. For the 2013 statement, the unit was valued at $25,000,000 — nearly three times the option price. Starting in June 2014, Ivanka Trump was given an option to purchase a different, larger unit (Penthouse B) for $14,264,000. That unit was valued at more than three times as much on the 2014 statement — at $45 million on the 2014 statement. In that year, Ivanka Trump's option to purchase the unit at a steep discount off of the value in the statement was included in a lease in which she was charged a rental payment substantially below the market rent for similar units in the same building. After being repeatedly told by an accountant that it was inappropriate to use the higher value rather than the option price, the Trump Organization used the $14,264,000 value for Penthouse B in the 2015-2020 statements. Despite this correction, this figure was still inaccurate for multiple statements however, because in 2016, an amendment to the lease lowered the purchase price option for Ivanka Trump even lower to $12,264,000.

Trump Tower, New York, NY
The valuations of Trump Tower from 2011 through 2019, except for 2015, were derived by the Trump Organization by dividing net operating income (NOI) by a capitalization

rate. The valuations used inflated NOI figures by using future income that exceeded the Trump Organization's internal budget projections and expenses that were lower than those in the company's audited financials, while capitalization rates were derived by cherry-picking the lowest capitalization rates listed in generic marketing reports and ignoring rates in those same reports for buildings that were closer and more comparable to Trump Tower. For 2015, and only for that year, the Trump Organization — without disclosing the change as required by generally accepted accounting principles (GAAP) — used a different methodology, basing its valuation on the sale of a single nearby building described in the press as setting a new world record. Doing so generated a value in 2015 that was more than $170 million higher than the previous year's value, nearly $250 million higher than the following year's value, and $75 million higher than the value derived in any other year using the NOI divided by capitalization rate method.

Donald Trump's Triplex Apartment at Trump Tower, New York, NY
Valuations of this property were calculated using objectively false numbers. For example, the apartment was valued as being 30,000 square feet when it was actually 10,996 square feet. As a result, in 2015, the apartment was valued at $327 million in total, or $29,738 per square foot. That price was absurd given the fact that at that point only one apartment in New York City had ever sold for even $100 million, at a price per square foot of less than $10,000, and that sale was in a newly built, ultra-tall tower. In the 30 year-old Trump Tower, the record sale at that time was a mere $16.5 million at a price of less than $4,500 per square foot.

40 Wall Street, New York, NY
The Trump Organization owns a ground lease at 40 Wall Street, meaning it holds a leasehold interest in the land and buildings on the land, but pays rent to the owner. The Trump Organization received a bank-ordered appraisal for the commercial property at 40 Wall Street that calculated a value for the property of $220 million as of November 1, 2012. Yet in the statement that year and the next year (2013), 40 Wall Street was valued at $527 million and $530 million — more than twice the value calculated by the independent, professional appraisers. Even more egregiously, those increased valuations were attributed to information obtained from the same professional appraiser who valued the building at just over $200 million.

In 2015, the Trump Organization replaced an existing Capital One loan on the building with a loan from Ladder Capital Finance (working with Mr. Weisselberg's son, a director there). The Ladder loan was approved based in part on an inflated appraisal prepared by Cushman & Wakefield. Ultimately, the final appraisal for the loan came to a valuation of $540 million through a number of unreasonable adjustments, including reducing costs and changing the assumptions concerning the ground lease. Not even this increase was enough for Mr. Trump and the Trump Organization. The 2015 statement, which was compiled in June of that year, valued the building at $735.4 million — over 35% higher than the already inflated $540 million Cushman appraisal of that same date, which the Trump Organization had in hand.

Seven Springs, Westchester County, NY
Mr. Trump purchased this 212-acre estate in 1995 for $7.5 million. His son, Eric Trump, took the lead on issues related to the property and even lived there for a time. The property was valued at up to $291 million in the statements from 2011 to 2021 based on the contention that the property was zoned for nine mansions and that the Trump Organization had approvals to develop seven mansions that would net a $161 million profit. However, these values were a fiction, totally unsupported by the development history of the property and contradicted by every professional valuation done on the property. The valuation of the mansions also conflicted with limits imposed by the Town of New Bedford on how the property could be developed. Furthermore, while using the supposed future mansions as part of the value, Eric Trump was simultaneously working to complete a conservation easement donation to receive a federal tax deduction for giving up certain development rights. This easement donation was a recognition that the Trump Organization would never be able to develop the property for anything close to a $161 million profit.

In 2016, the Trump Organization received an appraisal valuing the property at $56.5 million. The subsequent statement was changed to disguise what would have appeared as an 80% drop in value for Seven Springs by moving the property into an “other assets” bucket without being itemized and lumping its value together with Mr. Trump’s triplex apartment, which had significantly jumped in value.

Relatedly, in 2000, Seven Springs LLC took out an approximately $8 million mortgage from Royal Bank America (later acquired by Bryn Mawr Bank). Donald Trump’s statements from later years were submitted to this bank on multiple occasions in connection with the Seven Springs mortgage to meet covenants under the loan and obtain a series of extensions. Despite lack of cash flow at the property, Donald Trump’s personal guaranty and supposed personal financial strength was cited by Bryn Mawr’s internal records for purposes of extending and maintaining the mortgage.

Niketown, New York, NY
Mr. Trump owns two ground leases that comprise a space adjoining Trump Tower. The retail space for many years was leased to Nike and is known as “Niketown.” Both leases contained rent schedules that would increase over time based on the fair market rental value of the properties. On multiple occasions from 2011 to 2019, Mr. Trump provided false and misleading representations of the property’s value. For example, in each of the years from 2014 through 2018, the statement represented that the property’s valuations were based on an evaluation done in conjunction with an outside professional, despite the fact that no outside professional was consulted. Additionally, the valuations from 2013 to 2018 (except for 2015) omitted key variables known to the Trump organization, including the certainty of substantially escalating rental expenses on a particular schedule, and resets in specific years in which ground rent would likely increase substantially. When the escalating scheduled rent expenses were factored into the 2020 and 2021 valuations of Niketown, despite increased revenue assumptions, the property’s reported value dropped from the mid-$400 million range to the $225-$250 million range.

Trump International Hotel and Tower, Las Vegas, Nevada
Mr. Trump has a 50% interest in a joint venture with Philip Ruffin in a hotel condominium tower in Las Vegas, Nevada. Prior to 2013, the statements omitted Mr. Trump's 50% interest in the property because, for tax purposes, Mr. Trump asserted that the property had no value. Mr. Trump repeatedly submitted lower property valuation estimates to Nevada tax authorities and higher property valuations on his statements. For example, in 2015, the Trump Organization submitted a $24,950,000 valuation to contest taxes being levied by Nevada tax authorities. That same year, his statement showed the property valued at $107,732,646 — a value the Trump Organization reached using fraudulent methods.

Vornado Partnership
Mr. Trump's statements misrepresented his holdings of cash, cash equivalent, and marketable securities. Most notably, for several years included in his "cash" were the amounts in the Vornado Partnership Interests in which Mr. Trump had a minority stake and did not control. In some years these restricted funds accounted for almost one-third of all the cash reported by Mr. Trump. For example, they accounted for $24 million of the total $76 million in cash reported for 2018. Mr. Trump was well aware of the restricted and limited nature of his 30% interest because he personally took part in extensive, contentious litigation regarding these partnerships in which control over partnership-held cash and partnership business choices was expressly addressed.

Trump Golf and Social Clubs
Mr. Trump did not itemize the value of each of his golf and social clubs on his statements but instead presented their value as a single aggregated line item. The "clubs" category included at least the following twelve clubs and represents the single largest itemized asset on the statement each year. Mr. Trump used a number of deceptive techniques in determining the value of the clubs:

- **Fixed Assets Scheme:** This tactic valued the clubs based on fixed assets without factoring in any depreciation. This is contrary to industry custom and practice for an ongoing business, which typically values these types of properties using an income-based approach.
- **Unsold Membership Scheme**: This tactic artificially increased the properties' value by claiming unsold memberships were considerably more expensive than what they actually cost and claiming that their purchase was considerably more common than they actually were.
- **Membership Deposit Scheme**: This tactic treated the value of membership deposit liability as part of the purchase price of a club despite representing at the same time that Mr. Trump's liability for those deposits was zero. This tactic artificially increased the cost, and value, of clubs purchased by the Trump Organization.
- **Brand Premium Scheme**: The Trump Organization added a premium to inflate the value of golf courses and clubs, often up to 30% for the "Trump Brand," but expressly claimed that brand premiums were not included. Including an intangible asset, such as a brand premium, is prohibited by GAAP.

Mar-a-Lago, Palm Beach, Florida
This property was valued as high as $739 million based on the false premise that it was unrestricted property and could be developed for residential use, even though Mr. Trump himself signed deeds donating his residential development rights, sharply restricting changes to the property, and limiting the permissible use of the property to a social club. In reality, the club generated annual revenues of less than $25 million and should have been valued at closer to $75 million.

Trump National Golf Club Westchester, Briarcliff Manor, New York
This property's valuation anticipated income from inflated membership initiation fees, using the unsold membership scheme. For example, the valuation for 2011 assumed new members would pay an initiation fee of nearly $200,000 for each of the 67 unsold memberships, even though many new members in that year paid no initiation fee at all and no new member in the prior year paid an initiation fee of more than $50,000. In some instances, Mr. Trump specifically directed employees to reduce or eliminate the initiation fees to boost membership numbers. Mr. Trump also utilized the fixed-asset scheme on this property, ignoring an appraisal that showed the true value of the property to be much lower.

Trump National Golf Course Charlotte, Mooresville, North Carolina
The Trump Organization utilized the unsold membership, membership deposit, and brand premium schemes on this property. From 2013-2020, the Trump Organization added the value of refundable membership deposits ($4,080,550) to the property's purchase price. Also, during these years, the Trump Organization added either 30% or 15% (depending on the year) to fixed assets.

Trump National Golf Course Colts Neck, Colts Neck, New Jersey
Mr. Trump utilized the fixed-asset, membership deposit, and brand premium schemes at this property. The unsold memberships at this property were priced several times greater than what they actually cost to procure. Specifically for the membership deposits, despite advising recipients of the statements that these were worthless liabilities, the Trump Organization included their full face value ($11.7 million) to inflate the purchase price of the club to approximately $40 million from 2012 to 2020. In 2021, the Trump Organization switched its method of valuation based on the advice of an outside golf consultant they had previously ignored. The resulting valuation of $27.5 million was about half of the valuation from 2020 of $55.1 million. Simply put, when following appropriate accounting practices, after thirteen years of ownership and capital expenditures by Donald Trump, Colts Neck was worth less than the original $28 million purchase paid in 2008.

Trump National Golf Course DC, Sterling, Virginia
The Trump Organization utilized the fixed-asset, membership deposit, brand premium schemes at this property. As an example, in 2011 and 2012, the cost of a full individual golf membership was $25,000 and a corporate membership was $125,000. However, the company valued nearly all of the unsold memberships well above those prices—between $75,000 and $225,000—without any discounted cash flow analysis.

Additionally, the Trump Organization arbitrarily added a brand premium (15% or 30% depending on the year) despite asserting in the statements that no brand premium was included. In 2021, when the club switched to using a combination of fixed assets and income, the valuation fell by $17 million from the 2020 figure.

Trump National Golf Course Hudson Valley, Hopewell Junction, New York
The Trump organization employed the fixed-asset, unsold membership, membership deposit, and brand premium schemes. As an example, in 2010, the initiation fee was $10,000 and most fees were waived for new members, yet the Trump Organization valued over 80% of the unsold memberships at prices ranging between $15,000 to $25,000. The Trump Organization included the full face value of refundable membership deposits of $1,235,619 into the purchase price of the club, despite declaring in the statements that liability for the membership deposits was zero dollars. Additionally, from 2013 to 2020, the Trump Organization employed the brand premium scheme, even though the statements claimed that brand premiums were not included. As with other clubs, in 2021, once the property was valued using a combination of fixed assets and income, the club valuation fell by almost $4 million from the 2020 figure.

Trump National Golf Club Jupiter, Jupiter, Florida
At this property, Mr. Trump utilized the fixed-asset, membership deposit, and brand premium schemes. Mr. Trump purchased this golf course in Jupiter, Florida for $5 million. Less than a year later, Mr. Trump valued the same property at $62 million on his 2013 statement, a markup of 1,100%. For every year from 2013 to 2020, much of the value attributed to Jupiter was fraudulently inflated. The bulk of the fraudulent value was based on the membership deposit scheme, using an inflated purchase price from the purported assumption of “refundable” membership liabilities. Mr. Trump claimed to have paid $46 million for the club, consisting of $5 million in cash he actually paid and $41 million in assumed membership liabilities. In the statements, Mr. Trump did not disclose the inclusion of those inflated liabilities in the price of the club and in fact took the opposite position that his potential liability for those membership deposits was zero. Additionally, the Trump Organization overstated the value of this golf course by adding an additional 30% for the Trump brand in 2013 and 2014 and 15% from 2015 through 2020 – even though the statements disclaimed that any of the valuations included a brand premium.

Trump National Golf Club Los Angeles, Rancho Palos Verdes, California
The Trump Organization falsely inflated the value of this property — consisting of a residential development and a golf club — by inflating the value for a substantial number of potential lots for sale in the areas around the golf course and, starting in 2013 to 2020, applying an undisclosed 30% brand premium that inflated the value of the golf club. The brand premium scheme created an almost $50 million increase in the valuation of the golf club in the 2013 statement. Additionally, the Trump Organization donated over 16 lots comprising the club’s driving range and putting green as a conservation easement, which would preclude any development, but leave the driving range and putting green available to golfers. The donation’s $25 million value was reached through tactics that fraudulently manipulated the valuation, including ignoring a

report prepared by an engineer to assess the costs of developing the lot; failing to account for cost savings from a nearly $1 million obligation the Trump Organization avoided by not having to develop affordable housing units on the lot; and cutting by one-third the value to the golf course of leaving the driving range available to golfers.

Trump National Golf Course Philadelphia, Pine Hill, New Jersey
The Trump Organization employed the unsold membership, membership deposit, and fixed-asset schemes. For example, the initiation fee in 2010 was $10,000, but in 2011 the company valued unsold memberships at prices ranging between $15,000 to $25,000. Likewise, in 2012 the unsold memberships were valued at prices ranging between $15,000 to $35,000, even though most initiation fees were waived for new members from 2010 to 2013. The Trump Organization also included the full face value of refundable membership deposits of $953,237 as part of the reported purchase price despite declaring in the statements that liability for the membership deposits was zero dollars.

Trump International Golf Links Scotland (Aberdeen)
The valuation of this golf course assumed 2,500 homes could be developed when the Trump Organization had obtained zoning approval to develop less than 1,500 cottages and apartments, many of which were expressly identified as being only for short-term rental. The $267 million value attributed to those 2,500 homes accounted for more than 80% of the total $327 million valuation for Aberdeen on the 2014 statement.

Trump International Golf Links Scotland (Turnberry)
This property was purchased in 2014 for approximately $60 million, and had its first full year of operations in 2017. From 2017 through 2021, the Trump Organization employed the fixed-assets scheme to value the club and did not factor in any depreciation of the assets, deriving values ranging between $123 million to $126.8 million. In the 2021 statement, for the first time, the Trump Organization included an estimated depreciation from 2015 to 2021 of $16,309,538, which was an implicit acknowledgement that ignoring depreciation in prior years was improper. Since opening in 2017, the golf course has operated at a loss each year. Therefore, using a valuation for the golf course based on the fixed asset scheme is false and misleading and the golf course should have been valued at a much lower figure.

II. Financial Benefits Gained

The false and misleading Statements of Financial Condition were used to obtain and maintain favorable loans over at least an 11-year period. All told, the financial benefit realized from this scheme was approximately $250 million, including interest savings and transaction profits. Examples include:

Trump International Hotel & Tower, Chicago, Illinois
Since 2009, this property's value has been excluded from the statements because, according to sworn testimony, Mr. Trump did not want to take a position that would conflict with his contention to tax authorities that the property had become worthless,

and thus formed the basis of a substantial loss under the federal tax code. However, in 2012, using the building or its components as collateral, Mr. Trump and the Trump Organization obtained a $107 million loan on the building from Deutsche Bank. The loan received a $45 million expansion in 2014. Mr. Trump's supposed net worth of $4 billion reflected in his statement was used to personally guarantee the initial loan at an interest rate approximately four percentage points lower than it would have been without his guaranty.

Trump National Doral, Miami, Florida

The Trump Organization executed a $150 million purchase and sale agreement for this property in 2011. Mr. Trump's statements were used to secure a $125 million loan from Deutsche Bank and were regularly submitted to the bank to fulfill Mr. Trump's financial reporting requirements as guarantor on the loan. In multiple instances, the loan agreement required that Mr. Trump certify the truth and accuracy of his statements as a condition of the guaranty and the continuing loan covenants.

Trump Old Post Office, Washington, D.C.

In 2013, the Trump Organization obtained a ground lease from the federal General Services Administration to redevelop this property into a luxury hotel. This project was captained by Ivanka Trump, and Mr. Trump's statements were central to their effort to win the bid to redevelop this site. They were able to obtain a $170 million loan for construction from Deutsche Bank on much more favorable terms by personally guaranteeing the loans using Mr. Trump's statements. The loan agreement required that Mr. Trump certify the accuracy of his statements annually and included a provision that made him guarantee that the materials provided to the bank to obtain the loan did not include any misleading information. Any misrepresentation on those statements would constitute a default under the terms of the loan. In May 2022, the Trump Organization sold the Old Post Office property for $375 million. As a result, Mr. Trump obtained more than $100 million in net profit, which was the result of a loan he was able to obtain by using his false and misleading statements.