

# COPY

State of New Jersey  
Division of Gaming Enforcement  
INVESTIGATION REPORT

1. <u>FILE NUMBER</u> 38-00
3. <u>DATE</u> June 24, 1992
4. <u>CASE NUMBER</u> 92-107

2. <u>SUBJECT</u> DONALD TRUMP ALLEGATIONS FROM THE BOOK <u>TRUMP: THE DEALS AND THE DOWNFALL</u>
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5. NARRATIVE

On January 7, 1992, an article appeared in the Philadelphia Inquirer by David Johnston which detailed information in a book entitled Trump: The Deals and the Downfall, by Wayne Barrett about Donald Trump. The book cites numerous allegations about Donald Trump which question his qualifications to hold a casino license in New Jersey. This report will address the significant allegations made in the book against Donald Trump and report on the investigations made by the Division of Gaming Enforcement relating to the allegations. This report will address the allegations in the following format: A. Allegation: Identify the allegation; B. Investigation: Report on any investigation conducted by the Division of Gaming Enforcement if applicable; C. Report to CCC: Identify if the investigation was reported to the Casino Control Commission; and D. Conclusion: Identify if any additional investigation is warranted. The allegations to be addressed are as follows:

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12. TRUMP IS ASSOCIATED WITH DAVID BOGATIN CONTENTS ARE FOR YOUR INFORMATION ONLY.
13. AUDIT OF THE GRAND HYATT HOTEL BY THE CITY OF NEW YORK
14. TRUMP PROVIDED A CONDO TO VERINA HIXON TO OBTAIN LABOR PEACE
15. FRED TRUMP MADE AN ILLEGAL CHIP PURCHASE AT TRUMP CASTLE

1. JOSEPH WEICHELBAUM

A. ALLEGATION: The book alleges that Donald Trump was personally close with convicted cocaine dealer Joseph Weichselbaum, whose helicopter company serviced the Trump casinos. Additionally, it is alleged that in 1986 Trump wrote a letter of reference for Weichselbaum to the judge that was sentencing him for the cocaine conviction. It is also alleged that Trump was so close to Weichselbaum that he proposed that Marla Maples hide out from the press at Weichselbaum's condominium located in Trump Tower.

B. INVESTIGATION: On July 19, 1990 the DGE initiated an investigation regarding the relationship between Joseph Weichselbaum and The Trump Organization. It was revealed that Joseph and Franklyn Weichselbaum (brothers) had rented apartment #32-C, 167 East 61st Street, New York, New York (Trump Plaza) from Donald Trump. Trump personally owns the apartment and was involved in negotiating the lease agreement which commenced on 12/21/85 and was in effect for an initial period of two years (12/31/87) at which time it continued on a month to month basis. The monthly rent was \$7,000, payable by \$3,000 cash and \$4,000 in monthly helicopter service. During August 1989, the

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Weichselbaums vacated the apartment after eviction proceedings were initiated by Trump for failure to pay rent.

Investigation also revealed that the girlfriend of Joseph Weichselbaum, a Ronee Lake Teitler, had purchased two condominium units in Trump Tower, New York, N.Y. The units purchased were Unit #49-A and Unit #49-B. Both units were purchased on 7/21/88 for \$1,175,000 each. Documentation in the sales file included an IRS summons seeking information about Joseph Weichselbaum having an alleged ownership interest in the apartments. The Trump Organization responded that their records indicated no ownership interest by Weichselbaum in the aforementioned condominium units. (Exhibit #1)

Correspondence was obtained from Trump's files which confirmed that both Donald Trump and Nichlolas L. Ribis wrote letters of reference for Mr. Joseph Weichselbaum. The letters were dated September 1986 and sent to Michael Critchley, Esq., Critchley and Roche, Attorneys at Law, 354 Main Street, West Orange, New Jersey, the understanding that they would be submitted to Judge Harold Ackerman regarding Joseph Weichselbaum. (Exhibit #2)

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A sworn statement of Donald Trump was conducted on 3/11/99, at which time he was questioned about Weichselbaum. Trump stated that he first met Weichselbaum through Steve Hyde and that his company, Damin Aviation provided helicopter service for the casinos. Trump was aware of his criminal record and the apartment lease but could not remember if he wrote a letter of reference for Weichselbaum. (Exhibit #3)

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A review of files regarding Damin Aviation and the Weichselbaums was conducted at the Trump Organization offices in New York City by Agent Sivetz. Casino billing records of Damin Aviation for the Trump

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casinos were reviewed and are part of the Trump Entity Unit files. Rick McDonough, DAG, SILS Section, filed a petition to have Joseph Weichselbaum placed on the "Prohibited Vendor List". (Exhibit #4) On May 5, 1992, the Commission accepted a settlement agreement with Weichselbaum to have him excluded from the casino industry for two years.

C. **REPORT TO CCC:** A review of the annual reports submitted to the CCC by the DGE regarding the licensure of the Trump Casinos and Donald Trump failed to disclose any information relating to Weichselbaum / Damin Aviation and an association with Donald Trump.

D. **CONCLUSION:** A sworn statement of Donald Trump should be conducted to determine additional specific information regarding his relationship with Weichselbaum. Also, it should be determine why Donald Trump wrote a letter of reference for Weichselbaum to the judge sentencing him for the cocaine conviction. Additionally, Trump should be questioned regarding Harla Maples using Weichselbaum's condominium.

2. **REAL ESTATE PURCHASE IN ATLANTIC CITY FROM SAL TESTA**

A. **ALLEGATION:** The book alleges that Donald Trump paid double the market price for a piece of Atlantic City property owned by Sal Testa, an alleged capo in the Scarfo crime family. The book further alleges that the title to the property was transferred from Testa to Trump attorney, *Richard J. ...* secretary, and then to a Trump Entity.

B. **INVESTIGATION:** *3/11/92* The DGE investigated this real estate transaction and reported the findings in a *renewal* licensure report of Donald Trump dated *12/8/92* prepared by *Douglas Weber and Agent*

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Joseph Kisko. The report indicates that on 10/5/82, Donald Trump telephoned Deputy Attorney General, Anthony J. Parrillo, to apprise him of certain matters concerning the Trump Plaza Corporation which on the surface might have appeared troublesome to the DGE. The topic involved Donald Trump's attempt to buy a corner lot of property on Missouri and Pacific Avenues for use as a parking facility. Donald Trump advised that the property was believed to be owned by members of the "Testa Group". Trump did not want to deal with those people directly, so he instructed his attorney, McGahn, to deal with a broker for a one-shot cash deal. Investigation confirmed that the property was transferred from Testa to Linda DeGregorio, secretary for McGahn and then to the Trump Entity. Settlement took place on 11/4/82 and Sal Testa received a check in the amount of \$936,832 while realtor's Gruber and Lippman each received checks of \$50,000. (Exhibit #5)

C. **REPORT TO CCC:** In a letter report dated 1/31/84 on the qualifications of Donald Trump, the CCC was informed by the DGE of the aforementioned real estate transaction. The CCC was fully informed regarding the purchase from Testa, the use of McGahn's secretary as a straw person for the purchase, and the purchase price of \$1,100,000. (Exhibit #6)

D. **CONCLUSION:** The DGE letter report to the CCC included all of the relevant facts uncovered during the investigation of the real estate transaction with Testa. Based on the disclosure of these facts it appears that no further investigation is necessary regarding this matter.

3. **KENNY SHAPIRO / DANIEL SULLIVAN ASSOCIATION**

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A. **ALLEGATION:** The book alleges that Donald Trump maintained a decade-long relationship with Kenny Shapiro, an investment banker for former Philadelphia mob boss Nicky Scarfo. Additionally, it alleges that Donald Trump used Shapiro and Sullivan to funnel campaign contributions to Mike Matthews, a candidate for mayor of Atlantic City.

B. **INVESTIGATION:** The associations Donald Trump had with Shapiro and Sullivan were investigated during the initial licensure investigation of Donald Trump. Kenny Shapiro was a partner in SSG Enterprises. That partnership owned a portion of the land upon which the Trump Plaza Casino Hotel was built. The other partners in SSG included Daniel Sullivan and Elliot Goldberg. Prior to the opening of Trump Plaza in May 1984, various discussions occurred between SSG and the Division relating to their licensing status. SSG was designated a financial source of Donald Trump's proposed casino. SSG failed to fully cooperate with the Division regarding its licensure status. Because of SSG's failure to fully cooperate 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 lessors was redetermined by the Commission, and they were designated as a casino service industry. At that point in time, the Division had determined, based upon intelligence information, that SSG and its partners would have difficulty in qualifying for licensure. The information included allegations of Shapiro's involvement with members of Philadelphia crime families. 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 Trump and Harrah's purchased the land owned by SSG. The effect of the transaction, as it was structured, was to remove SSG as a casino service industry and financial source to Trump Plaza. The purchase

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price of the land was \$8 million and this business transaction was approved by the CCC upon the recommendation of the DGE in late 1983. The buy-out was consistent with the terms of the lease and did not represent a windfall profit for SSG.

Donald Trump's association with Shapiro and SSG was also investigated and reported to DGE Director Sweeney by ~~DAN SULLIVAN~~ in a memo dated 11/28/90. (Exhibit #7)

The criminal background of Dan Sullivan was fully investigated by the DGE in addition to his association with Trump.

A review of DGE files failed to reveal any record of an investigation regarding Donald Trump using Shapiro and Sullivan to make contributions to Mathews Atlantic City mayoral campaign.

C. REPORT TO CCC: Donald Trump's association with Shapiro, Sullivan and SSG Enterprises was initially reported to the CCC in the report dated 10/16/81 regarding the application of Trump Plaza Corporation and Donald Trump. (Exhibit #8)

D. CONCLUSION: The investigation of Donald Trump purchasing the Plaza property from SSG appears to have been fully investigated by the Division and reported to the Commission during the initial licensure investigation of Donald Trump. In addition, the criminal history of Sullivan and his association with Donald Trump was extensively investigated and reported to the Commission. However, investigation may be warranted to determine if Donald Trump tried to use Shapiro and Sullivan to funnel campaign funds to Mathews. Interviews of Shapiro and Sullivan may be attempted after a sworn statement from Trump.

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4. WILLIAM KASZYCKI / ILLEGAL POLISH ALIENS

A. ALLEGATION: The book alleges that Donald Trump hired William Kaszycki, a contractor, to do demolition work at the construction site of Trump Tower, and Kaszycki then hired illegal polish aliens to perform the demolition work. Additionally, allegations state that the Trump Tower corporate entity was fined over one million dollars by U.S. District Court, New York, for depriving employees on the job from union benefits.

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B. INVESTIGATION: On April 25, 1988 the Division initiated an investigation on Director Partridge regarding the allegation that illegal Polish aliens were used in connection with the construction of the Trump Tower site. The Division's investigation revealed that 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 the Trump Tower. To perform the demolition, 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 supplies for this job. Kaszycki employed both union and non union workers in conjunction with this project. The non union workers consisted of approximately two hundred Polish Aliens. To obtain workers for the project, Kaszycki entered into a collective bargaining agreement with the local union which provided that Kaszycki pay 8% of total wages to the union insurance fund and 10% of wages to its pension fund for both union and non union workers. During the course of the project Kaszycki experienced financial difficulties and did not pay the union as required by the collective bargaining agreement. To avoid a

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work stoppage, the Trump/Equitable partnership sent some of the payments to the union on behalf of Kaszycki. At a later date, one of the workers, Henry J. Diduck filed a complaint with the U.S. 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 Funds for the Polish workers. During June 1984, Diduck filed a motion to amend his complaint which added the 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 RICO, 18 U.S.C. 1961(1) (B). In a decision dated July 1988, Judge Stewart granted the Trump Defendants motion for a summary judgment dismissing the claims against Trump and entered a default judgment against Kaszycki. On May 1989, the U.S. Court of Appeals reversed the July 1988 decision and rejoined Trump as a defendant in this action. (Exhibit #10) On June 6, 1991, Judge Stewart ruled that the defendants, Trump-Equitable Fifth Avenue Company participated in the breach of fiduciary duty and is liable for the judgment sum of \$768,374. (Exhibit #11) On June 21, 1991 the Trump defendants filed a Notice of Appeal with the U.S. Court of Appeals. The appeal is currently pending. (Exhibit #12) The DGE investigation included questioning Thomas Macri, Project Manager and V.P. of Trump/Equitable. He was questioned with regard as to who hired Kaszycki and if anyone in the Trump Organization was aware of the Polish aliens performing the work. Macri stated that he hired Kaszycki and that no one was aware that Polish nationals were being employed. It was at this time the Division closed its investigation per the instructions of Deputy Director Schwartz. (Exhibit #13) In the testimony of Donald Trump from the trial dated July 12, 1990, he stated that Thomas Macri was

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V.P. of Trump Equitable and the project manager in charge of demolition. Donald Trump stated that he was not aware that the Polish workers were being under paid or in some cases not being paid at all. (Exhibit #14)

C. REPORT TO CCC: A review of the licensing reports submitted to the CCC by the DGE regarding the licensure of the Trump Casinos and Donald Trump failed to disclose any information relating to the Kaszycki litigation. It appears that the investigation regarding Trump/Equitable and the review of the litigation was not reported to the CCC in any of the licensing reports.

D. CONCLUSION: A sworn statement of Donald Trump should be conducted to question him about his involvement in this report to the CCC should be completed to outline all details of the litigation.

5. TRUMP SIGNS AN AGREEMENT WITH LOCAL 54 TO AVERT A STRIKE

A. ALLEGATION: It is alleged that Trump signed his own contract with the union, thereby, being the only casino spared by the strike.

B. INVESTIGATION: The Division conducted an investigation into the terms of the agreement between Trump Castle Associates (TCA) / Trump Plaza Associates (TPA) and Union Local 54. On August 13, 1986, after the withdrawal of TCA and TPA from the Atlantic City Casino Association, TCA and TPA entered into an agreement (the "me too" agreement) with the Hotel Restaurant Employees and Bartenders International Union, Local 54 (Local 54). The agreement provided that

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the collective bargaining agreement then in effect between the parties would remain in effect while Local 54 engaged in negotiations for improvements with other hotel casino employers. At the time that Local 54 was successful in concluding new contracts with those other hotel casino employers, the agreement provided that TCA and TPA would agree to adopt such contracts as improvements and changes to the existing collective bargaining agreement.

The primary purpose of TCA and TPA entering into the "me too" agreement was to avert a perceived work stoppage, as concerned TCA's and TPA's employees who were members of Local 54 at the time. A work stoppage was deemed a possibility because Local 54 was negotiating new contracts with the Atlantic City Casino Hotels as certain existing contracts were due to expire on or about September 15, 1986. By entering into the "me too" agreement, Trump had in effect relinquished its bargaining power in exchange for the promise of Local 54 that Trump's facilities would not be part of any such strike. As a result of Trump entering into the agreement with Local 54, the subsequent strike by members of Local 54 had minimal disruptive effect on the Trump operations.

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C. REPORT TO CCC: The agreement between Trump Castle Associates and Local 54 was fully reported to the Commission in the Renewal Licensure Report for the Plaza dated April 7, 1986. The agreement between Trump Castle Associates and Local 54 was fully reported to the Commission in the Renewal Licensure Report for the Castle dated May 13, 1986. (Exhibit #15)

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D. CONCLUSION: Based on the information provided to the Commission on the aforementioned agreements it appears that the matter

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was fully investigated and reported. No further investigations appears warranted.

6. TRUMP IS ASSOCIATED WITH ATTORNEY ROY COHN

A. ALLEGATION: The book asserts that Trump became virtually a son to Roy Cohn, whom Barrett calls Trump's "bridge to the mob." The book points out that in 1985, Hilton Hotels Corporation was denied a casino license in part because of Hilton's dealings with Sidney Korshak, a lawyer with reputed mob ties. However, the gaming division never wrote a report that raised "the possibility that Cohn's mob liasons might have been used to facilitate Trump construction projects."

B. INVESTIGATION: A review of the Division's reports to the Commission on the background of Donald Trump and Trump Plaza Corporation failed to reveal any background information regarding Roy Cohn. However, the initial report on Donald Trump dated October 16, 1981 did report that Cohn represented Trump in a lawsuit where the U.S. Justice Department charged a Trump Entity with racial discrimination in violation of the Fair Housing Act. This suit was investigated and reviewed by the Division. In addition, investigation revealed that Trump failed to disclose the suit on his Personal History Disclosure Form One, question #77.

On page 257 of Barrett's book, he answers part of his own question regarding Cohn by the following sentence: "Obviously, one reason DGE overlooked the Cohn connection was that he was wrapped in a cloak of respectability---extending from the White House to the governor who appointed the casino investigators".

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In the book by Donald Trump entitled Trump: The Art of the Deal he wrote the following paragraph on page 69 about Cohn:

I don't kid myself about Roy. He was no Boy Scout. He once told me that he'd spent more than two thirds of his adult life under indictment on one charge or another. That amazed me. I said to him, "Roy, just tell me one thing. Did you really do all that stuff?" He looked at me and smiled. "What the hell do you think?" he said. I never really knew.

Roy Cohn was disbarred in 1986 after a hearing in which Trump appeared as a character witness. Roy Cohn died in 1986.

**REPORT TO CCC:** A review of the Trump Entity files failed to reveal any reports to the Commission regarding the background of Roy Cohn. The Division report dated 10/16/81 did report that Cohn represented Trump in the lawsuit where the U.S. Justice Department charged a Trump Entity with racial discrimination in a violation of the Fair Housing Act. (Exhibit #16)

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**CONCLUSION:** During a sworn ~~DATE~~ review, Trump should be questioned about his relationship with Roy Cohn. THIS REPORT IS NOT TO BE

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7. MCGAHN PARTY FOR MAYOR USRY HELD ON THE TRUMP PRINCESS YACHT

**A. ALLEGATION:** The book attempts to illustrate Trump's involvement with political figures by referring to a birthday party hosted by Trump attorney Patrick T. McGahn, Jr. aboard the Trump Princess Yacht in honor of Atlantic City Mayor James Usry's wife.

**B. INVESTIGATION:** The Division conducted a full investigation into the circumstances involving the party hosted by McGahn aboard the Trump Princess. On July 6, 1989, a cocktail

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reception and dinner sponsored by Atlantic City attorney Patrick T. McGahn, Jr. 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 Castle facility. On August 8, 1989 the Division initiated an investigation of these functions to determine (a) whether Trump 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 Trump Castle executives, employees and outside participants in the affairs in addition to a review of all available documentation relevant to the ~~subject~~ *Missouri Gaming Commission*

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The investigation did not uncover any ~~violations~~ *THIS REPORT IS NOT TO BE COPIED OR GIVEN TO ANY OTHER AGENCY. CONTENTS ARE FOR YOUR INFORMATION ONLY.* executives and employees directly providing complimentary services to Mayor Usry in violation of Section 102(n). However, the ~~subject~~ *Missouri Gaming Commission* expressed concerns over the way in which the affair was 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 Castle, Stephen Hyde, to a billable charge to Patrick McGahn. Additionally, investigation revealed that it was only after a phone call emanating from Mr. McGahn to high level Trump Castle executives about the charge,

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that any steps were taken to change the description of the affair 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 Mr. 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 to Mr. McGahn.

While Trump Castle ultimately received payment for the affairs from Mr. McGahn, the circumstances surrounding the entire senario gave rise to the appearance that Trump 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 Castle had deficient internal control procedures in accounting for the recording and billing of expenses incurred on the Trump Princess Yacht. (Exhibit #17)

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REPORT TO CCC: The investigation relating to the McGahn / Usry Dinner Party was reported to the Commission in secrecy. The Commission was initially notified of the Commission's findings when they were provided copies of a report by the Commission, former President and Chief Operating Officer of Trump Castle dated March 13, 1990, which was prepared by Assistant Attorney General Mitchell A. Schwefel and Deputy Attorney General Thomas N. Auriemma on behalf of the Division. (Exhibit #18)

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Additionally, the investigation was reported to the Commission in the Report of the Division to the Commission dated April 24, 1991 in the matter of the license renewal of Trump Plaza Associates and Trump Castle Associates. (Exhibit #19)

**CONCLUSION:** The matter was fully investigated by the Division and reported to the Commission during 1990 and no further investigation appears to be warranted.

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8. DONALD TRUMP INVOKING HIS

A. ALLEGATION:

The book alleges that during a deposition by Michael Kennedy, (Ivana Trump's divorce attorney) Donald Trump was forced to take the Fifth Amendment over one hundred (100) times, mostly in response to questions about "other women."

B. INVESTIGATION:

On May 4, 1992, Nicholas Ribis, Chief Executive Officer, Trump Casino Properties, provided copies of the depositions of Donald Trump taken by Michael Kennedy, attorney for Ivana Trump in the Trump divorce proceedings. The depositions were conducted over five separate days and included the dates of June 16, July 18, August 30, August 31, and September 18, 1991. A review of the depositions by this writer disclosed that Donald Trump refused or was directed not to answer questions on ninety seven occasions during the questioning. Most of the questions Trump refused to answer concerned his involvement with other women. The questions Trump refused to answer appeared to include only topics of extra marital affairs and his motives for changing an existing prenuptial agreement. They did not appear to evade any other questions concerning areas of other criminal conduct.

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C. **REPORT TO CCC:** A review of the Casino Licensing reports submitted to the CCC by the DGE failed to disclose any information regarding Donald Trump taking the Fifth Amendment during the divorce depositions. It should be noted that the last deposition was dated September 1991.

D. **CONCLUSION:** After reviewing the depositions it is apparent that Trump refused to answer numerous questions regarding his relationships with other women during his marriage to Ivana Trump. Trump should be questioned during a sworn statement to explain why he invoked his Fifth Amendment rights during the testimony. A report to the CCC should follow to report Trump's actions.

NEW JERSEY DIVISION OF GAMING ENFORCEMENT

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9. **TRUMP ASSOCIATION WITH MANNY CIMINELLO**ISSUED TO Misses Gloria Gammes  
DATE 3/1/99

A. **ALLEGATION:** The book alleges that Manny Ciminello, an organized crime associate, attended a 1990 birthday party for Donald Trump. It further alleges that Ciminello is a high roller at Trump casinos and was a construction contractor used by Trump in New York. The book states that Ciminello's organized crime ties are spelled out by federal prosecutors in court documents regarding the prosecution of Tony Salerno. Ciminello is alleged to be a joint venture partner of Paul Castellano, head of the Gambino crime family, and Tony Salerno, boss of the Genovese crime family.

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B. **INVESTIGATION:** A review of the Trump Entity Unit files failed to reveal any reports or investigations involving Manny Ciminello.

C. **REPORT TO CCC:** A review of the Casino Licensing reports

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to the Commission failed to reveal any reports regarding Manny Ciminello or any relationship between Ciminello and Donald Trump.

D. **CONCLUSION:** Donald Trump should be questioned during a sworn statement about any relationship he may have had with Ciminello. Specifically, Trump should be questioned about any business relationship with Ciminello and determine if and why he attended Trump's birthday party in 1990. If a relationship between Trump and Ciminello is established, further information should be obtained regarding Ciminello.

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10. TRUMP MEETING WITH FAT TONY

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A. **ALLEGATION:** The book alleges that Tony Salerno and others have arranged a meeting in the living room of his townhouse in Manhattan with Donald Trump and Fat Tony Salerno at the time that S & A Concrete Co. Inc. was doing concrete work on the Plaza in New York. The book states that a Cohn staffer claims to have been present at the meeting.

B. **INVESTIGATION:** A review of the Trump Entity Unit files failed to disclose any investigation regarding a relationship between Donald Trump and Tony Salerno. However, it should be noted that a federal indictment against Anthony Salerno and others was obtained and reviewed by the Division. The indictment charged that Salerno had a hidden interest in S & A Concrete and was a subcontractor on the Trump Plaza construction project. S & A was awarded a contract of \$7.8 million on the Plaza project. (Exhibit #20) The indictment charged that S & A was involved in a bid-rigging scheme involving all projects in the Borough of Manhattan exceeding \$2 million. The indictment did state that the bid-rigging scheme was accomplished without the knowledge of the respective construction managers, general contractors

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or developers. The Division's investigation revealed no evidence which would tend to suggest that Trump, or any entities related thereto, had any knowledge of the scheme.

C. REPORT TO CCC: On April 7, 1987, the Division filed a report with the Commission regarding the Casino License Renewal of Trump Plaza. This report included a section which reported on the aforementioned indictment of Salerno and the Plaza contract with S & A Concrete. The report included no evidence to suggest Trump was involved in the bid-rigging of Salerno and S & A Concrete.

(Exhibit #21)

D. CONCLUSION: Trump should be questioned during a sworn statement regarding his knowledge of Salerno and S & A Concrete. Trump should specifically be questioned about an alleged meeting with Salerno at the home of Roy Cohn. A attempt should be made to contact author, Wayne Barrett, in order to obtain any additional information about this topic and to try to identify and interview any source who witnessed the meeting of Trump and Salerno.

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11. TRUMP IS ASSOCIATED WITH

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A. ALLEGATION: The book OR alleges that Robert Hopkins, a Lucchese crime family associate who was arrested in his Trump Tower suite for ordering a mob murder of a gambling competitor, purchased an apartment in Trump Tower. It is alleged that Donald Trump personally visited the closing, to which Hopkins brought a briefcase containing \$200,000 cash.

B. INVESTIGATION: A review of the Trump Entity files failed

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to reveal any investigation regarding Trump's association with Robert Hopkins.

C. REPORT TO CCC: A review of the Trump Entity reports forwarded to the Commission failed to reveal any information regarding Robert Hopkins.

D. CONCLUSION: During a sworn statement, Trump should be questioned about any dealings with Hopkins and determine if and why he attended the closing.

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12. TRUMP IS ASSOCIATED WITH DAVID BOGATIN  
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A. ALLEGATION: The book alleges that David Bogatin, a high level member of a Russian organized crime family, purchased five Trump Tower apartments in 1984 for \$6 million. Donald Trump attended the Bogatin closing, meeting Bogatin and his lawyer. Bogatin was later convicted in a gas tax evasion scam in 1987 and fled the country. His Trump Tower apartment was seized by the state and prosecutors concluded that he purchased the apartments to "launder money".

B. INVESTIGATION: A review of the Trump Entity files disclosed no record of an investigation regarding David Bogatin.

C. REPORT TO CCC: A review of the Trump Entity reports forwarded to the Commission failed to reveal any information regarding David Bogatin.

D. CONCLUSION: During a sworn statement of Donald Trump, he should be questioned about his presence at the Bogatin closing.

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13. AUDIT OF THE GRAND HYATT HOTEL BY THE CITY OF NEW YORK

A. ALLEGATION: The book alleges that in 1990 after reading the results of an audit of the Hyatt Hotel by the City of New York the Dinkins administration described the shortfall in payments from the Hyatt Hotel to the city as "fraud." Donald Trump is a partner of the Regency - Lexington Partners, the partnership bases the Hyatt Hotel (formerly the Commodore Hotel) from the State of New York.

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DATE A review *3/1/99* of the Trump Entity files  
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B. INVESTIGATION: The Division obtained a copy of the Grand Hyatt's Financial Operations by the City of New York, Office of the Auditor General during December 1988. This report was obtained and reviewed by Agent Cowan. (Exhibit #22) The findings of the audit concluded that in 1986 the Partnership improperly accounted for the hotels revenues on the cash basis, while it continued to account for expenses on the accrual basis. The audit findings determined that due to these procedures, the partnership owed the city an additional \$2.8 million. On November 21, 1989, the City issued a Final Audit Report and made demand for the \$2.8 million which it claimed was owed for the 1986 year. During November 1989 Mayor Koch asked the Urban Development Corporation, which acts as the city's landlord and rent collector, to demand the Trump group pay the city the money owed. UDC spokesman Harold Holtzer refused to go along with Koch and stated that the UDC wanted to call in an outside accountant to make sure the city's charges were correct. The case is currently in litigation in the Supreme Court of the State of New York, Case No. 90-257, Regency - Lexington Partners, Plaintiff, against UDC/Commodore Redevelopment Corporation, The City of New York and the Office of the Auditor General. The partnership is seeking to have the Cities claim for the additional \$2.8 million dismissed. Trump management has supplied the Division with a

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Notice of Motion dated April 2, 1992 regarding the production of documents and an Order dated April 10, 1991 relating to the request for the production of documents. (Exhibit #23) Trump management has indicated to the Division that the litigation is currently in the process of discovery which should continue for some time to come. (Exhibit #24)

C. REPORT TO CCC: A review of the Trump Casino Licensing Reports prepared by the Division failed to reveal any records that indicate this matter was reported to the Commission.

D. CONCLUSION: Donald Trump should be questioned during a sworn statement regarding his knowledge of this case. The Division should continue to monitor the litigation and report any findings to the Commission.

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14. TRUMP PROVIDES CONDO TO VERINA HIXON FOR LABOR PEACE

A. ALLEGATION: The book alleges that Trump provided labor peace on the construction of Trump Tower by providing a condo to a female friend (Verina Hixon) of John Cody, boss of the concrete workers' union doing work on the tower and an alleged Gambino crime-family associate. After Cody was imprisoned and lost power over the project, Trump sued the woman for nonpayment of rent and fees. Trump quickly settled a countersuit by Hixon by paying her \$500,000 when she filed court papers accusing Trump of taking kickbacks.

B. INVESTIGATION: A review of the Trump Entity files failed to reveal any investigation regarding Verina Hixon, John Cody or the lawsuit against Trump.

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On June 12, 1992 this agent received copies of legal documents from Nicholas Ribis, CEO, Trump Organization involving the litigation between Trump and Hixon. The following is a summary of the lawsuit.

On July 10, 1984, The Trump-Equitable Fifth Avenue Company filed a Complaint against Verina Hixon in the Supreme Court of the State of New York (Index No. 16276/84). The complaint alleged that Hixon entered into a contract with Trump-Equitable, a New York joint venture and developer of Trump Tower for alterations and improvements on six condominium units she purchased in Trump Tower. The complaint alleged that Hixon failed to pay Trump-Equitable for the improvements which totaled approximately \$250,000. Trump-Equitable was suing for compensation for the alterations. On August 10, 1984, Hixon filed an answer and counterclaim to the complaint. The counterclaim alleged that Trump-Equitable did not satisfactorily complete the improvements and that Donald Trump indicated to Hixon that he would not sell her the condominium units if she did not use his construction company and architects for the improvements. On September 10, 1984, Hixon filed an amended Answer, Defense and Counterclaims. In the counterclaim she was seeking \$33 million in damages. The counterclaim alleged that the original contract between Trump and Hixon was void because it did not meet the requirements of the Statute of Frauds. It also labeled payments that Trump was receiving from the architect, Swanke Haden Connell Architects as "kickbacks" (total of \$6,707.07). Trump's contract described the payments as "sponsor fees". On October 1, 1984, Trump filed a Reply which denied the allegations of Hixon's counterclaims.

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On March 1, 1985 a Settlement Agreement was entered into between Trump-Equitable Fifth Avenue Company and Verina Hixon. Hixon accepted a settlement of \$500,000 from Trump-Equitable of which \$68,251.59 was payable to The

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Residential Board of Trump Tower Condominium for unpaid Residential Common Fees (condo fees). (Exhibit #25) The settlement released Trump from correcting any of the unsatisfactory alterations and provided that Hixon had no further claims of wrongful conduct by Trump. This settlement also included the action brought against Hixon by The Residential Board of Trump Tower Condominium (The Board). The Board had filed a complaint against Hixon in the Supreme Court of New York on July 10, 1984 for unpaid Residential Common Charges (Index No. 16155/84). (Exhibit #26)

Subsequent to the two aforementioned complaints and settlement, on March 23, 1987, The Board filed another complaint against Hixon for failure to pay Residential Common Charges. On June 9, 1992 a Stipulation of Settlement was entered into among Angela Tese-Milner, Chapter 11 Trustee for Verina Hixon and The Residential Board of Trump Tower Condominium, The Trump Corporation and The Trump-Equitable Fifth Avenue Company. The settlement is pending approval of the Bankruptcy Court. (Exhibit #27)

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The review of legal documents failed to reveal any evidence that John Cody had an interest in the condominiums. No information was available to suggest that Trump provided any apartments to female friends of Cody.

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On June 17, 1992, this agent spoke with Special Agent Kenny Lynch of the Federal Bureau of Investigation. Lynch informed this writer that he was the case agent for the FBI which handled the Cody investigation. Lynch stated that Donald Trump was viewed as a victim in the investigation. The FBI had information that Cody may have strong-armed Trump into giving him an apartment in the Trump Tower. Lynch stated that Trump came to the FBI offices in New York and was

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questioned about Cody. Trump stated that he knew who Cody was but he had not been strong-armed. Trump told the FBI that he would notify them if Cody tried any illegal tactics. Lynch stated that the information about Cody and Trump was weak and Trump was no longer involved in the investigation. Lynch added that Trump appeared for questioning without legal counsel and was extremely cooperative. Lynch confirmed that Trump had been served a subpoena to appear for the questioning. Lynch stated that he never saw the subpoena but it had been served by his superior, Joseph Spinelli and John Pricher, both FBI agents.

C. REPORT TO CCC: A review of the Casino Licensing reports submitted to the CCC by the DGE failed to disclose any information regarding John Cody or Verina Hixon. There were no reports indicating that Trump was served with a subpoena regarding questioning in the case.

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D. CONCLUSION: Donald Trump should be questioned during a sworn statement about Cody, Hixon and the interview by the FBI.

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15. FRED TRUMP MADE AN ILLEGAL CHIP PURCHASE AT TRUMP CASTLE  
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A. ALLEGATION: The book alleges that Fred Trump sent an attorney to the Trump Castle to purchase \$3.3 million in chips in order to provide the Castle with enough money to make a \$18 million bond payment. The tactic was illegal and circumvented bank agreements by allowing Trump to position himself to reclaim the funds ahead of other creditors.

B. INVESTIGATION: The Fred Trump chip purchase was investigated by the Division and reported to the CCC. On April 3, 1991 the DGE filed a complaint with the Commission regarding the Fred Trump

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chip purchase. The investigation revealed that on December 17, 1990, a certified check payable to the Castle in the amount of \$3,350,000 drawn on the account of Fred Trump at Manufacturers Hanover Trust Company in New York was deposited at the Castle cage by Howard Snyder "as attorney for" Fred Trump. An application was completed with the information required to establish a front money account in the name of Fred Trump listing Howard Snyder as attorney for Fred Trump. After the front money account was established, a customer deposit withdrawal for \$3,350,000 was prepared by a pit clerk against the account of Fred Trump. Also on December 17, 1990, a castle dealer at a blackjack table paid out the entire \$3,350,000 in gray \$5,000 chips to Howard Snyder who placed them in a small case. No gambling activity took place by Howard Snyder or Fred Trump on December 17, 1990 and Fred Trump was not present at the Castle on that date. On December 18, 1990, a bank wire transfer in the amount of \$150,000 was deposited to the Fred Trump front money account. Thereafter, on December 18, 1990, a customer deposit withdrawal form was prepared by a pit clerk and Howard Snyder received \$150,000 in chips. Neither Howard Snyder nor Fred Trump gambled at the Castle with the \$150,000 in chips received on December 18, 1990. Fred Trump was not present at the Castle on December 18, 1990. The Division complaint concluded that by permitting Fred Trump through a power-of-attorney arrangement to infuse \$3,500,000 into the Castle pursuant to the above described front money account and chip purchase transaction, a situation was created where Fred Trump was a "financial source" for the Castle pursuant to Section 84 B of the Act. By permitting the transaction with Fred Trump to occur as it did, the Castle violated N.J.S.A. 5:12-95.12a. Trump's Castle entered into a Settlement Agreement with the Division over the violation on April 3, 1991. The Commission subsequently accepted the settlement with the Castle and imposed a fine of \$65,000 to the Castle (Exhibit #28)

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C. REPORT TO CCC: The investigation by the DGE regarding the Fred Trump chip purchase was reported to the CCC in the form of a complaint filed on April 3, 1991.

D. CONCLUSION: The matter was investigated by the Division and reported to the CCC. Based upon the report to the Commission and the settlement agreement, no additional investigation appears to warranted.

Investigation regarding the allegations of Donald Trump being the target of a bribery investigation in 1979 is currently in progress. The results of that investigation will be addressed in a supplemental report.

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State of New Jersey

DEPARTMENT OF LAW AND PUBLIC SAFETY  
DIVISION OF GAMING ENFORCEMENT

CN 047  
TRENTON, NEW JERSEY 08625

ROBERT J. DELTUFO  
ATTORNEY GENERAL

ALVIN G. SHPEEN  
DIRECTOR

April 24, 1992

Nicholas L. Ribis  
Chief Executive Officer  
Trump Casino Properties  
725 Fifth Avenue  
New York, NY 10022

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Dear Mr. Ribis:

Pursuant to the Division's continuing investigation of Donald J. Trump and the Trump Entities, I would like to request copies of documents or access to any Trump Organization files regarding the following topics:

1. Verina Hixon Litigation:
  - A. Original complaint filed by Trump against Hixon.
  - B. Trump answer to Hixon Counterclaim.
2. Legal documents filed regarding the sales tax audit and property tax audit by NYC of the Grand Hyatt New York. Documents indicating the current status of the audits/lawsuits.
3. The deposition of Donald Trump taken by Ivana Trump's attorney, Michael Kennedy, in which Donald Trump is alleged to have taken the Fifth Amendment.
4. Copies of any subpoenas, notes, or files regarding Donald Trump being questioned by the Brooklyn Organized Crime Strike Force. Donald Trump is alleged to have been questioned about concrete union boss, John Cody using strong-arm tactics in NYC and about David Berger and how Trump obtained the option to purchase the Penn Central Rail Yards. (time frame 1978 and 1980)



State of New Jersey

DEPARTMENT OF LAW AND PUBLIC SAFETY  
DIVISION OF GAMING ENFORCEMENT

CN 047  
TRENTON, NEW JERSEY 08625

ROBERT J. DELTUFO  
ATTORNEY GENERAL

ALVIN G. SHPEEN  
DIRECTOR

June 9, 1992

NEW JERSEY DIVISION OF GAMING ENFORCEMENT

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ISSUED TO Missouri Gaming Commission  
DATE 3/1/89

Nicholas L. Ribis  
Chief Executive Officer  
Trump Casino Properties  
725 Fifth Avenue  
New York, NY 10022

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Dear Mr. Ribis:

Pursuant to the Division's continuing investigation of Donald J. Trump and the Trump Entities, I would like to request copies of the following documents:

1. Legal Complaint and Answers including Amended Complaints and Answers regarding the Hixon litigation filed in the Supreme Court of New York, County of New York; (Index No. 16276/84) and (Index No. 16155/84).
2. All settlement papers and final court orders regarding the Hixon litigation filed in the Supreme Court of the State of New York, County of New York; (Index No. 4314/87).

Should you have any questions or problems, please contact me at (609)633-7306, Fax (609)777-2400.

Very truly yours,

  
Steven E. Perkins, Agent  
Casino Licensing Section

6992/sep

Pages 194 and 195

ALLEGATIONS: FBI agents investigating Cody served DJT with a subpoena and demand he appear for questioning before the Brooklyn office of the Organized Crime Strike Force. Investigators had information that Trump had been strong-armed by Cody and exchanged a commitment for an apartment in Trump Tower for labor peace.

cody

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located at one of the busiest intersections in the world and reach only from the narrow 56th Street side—made the job utterly dependent on Cody's cooperation. Concrete can harden if it isn't used quickly, and Cody's trucks had to make their deliveries at precise intervals throughout the day. A slowdown—anything from delaying the process to a full-fledged work stoppage—would have caused costly overruns or possibly even shut the job down.

In the summer of 1980, FBI agents investigating Cody served Donald with a subpoena demanding that he appear for questioning at the Brooklyn office of the Organized Crime Strike Force. The Strike Force, which had been investigating Cody since he took over the union in 1970, had received information from a source close to Cody that the union leader had strong-armed Trump and won a commitment from him for an apartment in Trump Tower in exchange for labor peace during its construction. The investigators knew this was typical of Cody's modus operandi. His indictment would include a count alleging that he'd shaken down one developer for a rent-free \$1,000-a-month apartment at Northshore Towers, a luxury Queens complex where a Cody mistress, Marilyn Taggart, lived comfortably. Scheduled to testify for the government at Cody's 1982 trial, Taggart disappeared shortly before it began.

Just as he had in the 1979 probe of the Penn Central acquisitions, Trump appeared at the interview without an attorney and willingly answered questions. He emphatically denied having promised Cody an apartment. Because all the investigators had was a loose allegation, apparently from a real estate broker who'd paid kickbacks to Cody, and since the building was so far from completion that any deal could not have been consummated, the investigators were forced to abandon the Trump trail.

The tower went up without problems and with John Cody frequently on site. "I knew Trump quite well," Cody said in a later interview. "Donald liked to deal with me through Roy Cohn," he claimed, characterizing Cohn as "a pretty good friend" and occasional legal adviser. Donald was told months in advance that Cody was planning a summer citywide walkout in 1982 and got Cody's help in completing the final floors in a rush before the strike. Even when an indicted Cody took his union out on a two-month strike on July 1, the close-up of the Trump Tower job was unaffected. The topping-off ceremony, featuring Ed Koch's Irish toast, 10,000 hot air balloons, and Hugh Carey's "when-do-you-want-us-to-move-in-Donald?" speech—was an ironic moment, marking the completion of the

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concrete work in the middle of a concrete workers' strike. Even after the tower concrete job was done, and after Cody was convicted of racketeering in late 1982, he remained a key to Trump construction activities, including the concrete work at Trump Plaza on Third Avenue, which had just started. Cody could also still wreak havoc at Trump Tower, where construction continued through 1983, because his union's jurisdiction extended to all deliveries at a job site, not just concrete. Since Cody remained in full control of the union while he appealed his conviction in 1983, Donald continued to need his cooperation.

In fact, while the feds had failed to find it, Cody did have a special interest in a Trump Tower suite of apartments—six units on two of the top floors, all owned by a mysterious friend of his named Verina Hixon. Though the building was really fifty-eight stories high, Donald had juggled the floor numbers, skipping ten flights and renumbering it as if it were a sixty-eight-story structure. Triplex penthouses, including one reserved for Donald and Ivana, dominated the top three floors, with duplexes planned for the sixty-fourth and sixty-fifth floors right beneath them. Beginning in the summer of 1981, when the tower was midway through construction, Hixon, a strikingly beautiful Austrian divorcée with no visible income (or alimony), began negotiating with Donald to buy some of the duplexes. By the end of 1982, she had signed contracts to purchase three of them at a total cost of around \$10 million.

The fair and slender Hixon, at thirty-seven, had shoulder-length light blond hair, a melting smile, an air of helplessness, and an international jet-set life-style. In between horse shows and ski trips to Europe, she lived in New York—at Olympic Tower, where she got to know Donald and Ivana, and, later, at Trump Tower. Though she never held a job in her life, she dined at La Côte Basque, La Grenouille, Le Cirque, and "21" ("I have rich friends; they love to invite me") and had enough French couturier clothes, in her own phrase, to last a lifetime (friends gave them to her, she explained). Pressed by lawyers in later civil suits to explain how she lived, Hixon replied: "That's a good question." Her lawyer said she lived "off the skin of the city," arguing that "like the great land barons of this country," she was "land rich and dollar poor."

Donald had signed an unusual separate agreement with her that required that he construct her sections of two floors—right beneath his own—in accordance with specifications and drawings prepared by an architect she had hired (she had to use Fredrick architect, but the

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Page 113 and 114

**ALLEGATIONS:** Federal prosecutors in Brooklyn opened a criminal investigation into how D.T. obtained an option to buy the Penn Central rail yards. Attorney Ed Korman was examining allegations that Trump's retention of David Berger was a payoff for Berger's sudden switch on the rail-yard sale. Roy Cohn met with Korman on the topic. Prosecutors brought witnesses before a grand jury but the invest died without an indictment.

Korman subsequently became a federal judge.

TRUMP THE ART OF SURVIVAL PAGE 34

DJT  
TARGET

~~Summer 1979~~

Schechter

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Att. O + C  
Clerkmaster  
U.S. Office  
7th Dist

BROOKLYN

it say that to the best of our site?"—Donald exploded. "I'm chastising Lindenbaum with the reprimand drove Lindenbaum edman and Goodgold: "I expect rs like this, and I expect to deal ver going to lie to you. Good- lt with Lindenbaum again on taught her an important lesson d and his lawyer—Lindenbaum s not about to burn his bridges, ment, with neither a respect for All he knew was what he need-

ndenbaum, however, the many worn even Trump down. His into a nightmare that could not expense advances were all but s relentlessly resistant as on the

led himself for one final rush at era ended. Even if he couldn't id would be greatly enhanced if of Beame's defeat in the Demo- l submitted another proposal to if units did not change, but the ed in a series of drawings, two r, and for the first time a financ- limited subsidies was suggested, that Trump was now pressuring ove a special zoning district for hey could work out the details w hoped he could push Beame without his producing any com- lanning commission's eventual are a zoning district resolution

Trump had overlooked a pivotal nd time-consuming environmen ad just gone into effect in a failure to complete one killed his en this defeat didn't stop him.

He resumed his efforts in 1978 with the new Koch administration, though with little success. He began meeting with the new City Plan- ning Commission chairman, Robert Wagner, Jr., telling the son of the former mayor that they should "build the city of the future together." But Wagner and the new mayor, Ed Koch, had never had an uncom- tortable moment on the West Side themselves, were both seasoned Manhattan pols, and were not about to take on the city's most vocifer- ous neighborhood on behalf of an overly ambitious and unfinanced project. Trump's option expired in October 1978, but Palmieri officials conceded him continuing site control and began negotiating a new deal with him. Palmieri had helped Penn Central reorganize itself out of bankruptcy, and was still on retainer to sell assets of the new corpo- rate entity. This time, no court approvals would be necessary, and there was almost a casualness about nailing down the new agreement.

By May of 1979, Trump and Palmieri officials had agreed on the broad terms of a second, eighteen-month, option, with a right to extend for another twelve months. This time Donald was to put up a \$300,000 deposit and commit to spending \$700,000 of his own money to push the project through the rezoning process. As paltry as this million-dollar commitment was, it did reverse the terms of the original Eichler deal, which obligated only Penn Central to cover development costs and required no Trump deposit. But since Palmieri was letting Donald operate as if he had an option, there was no pres- sure on him to sign the new deal, so he dawdled.

Another reason not to sign was that by the summer of 1979, his West Side yard dealings had attracted a new kind of troubling atten- tion. Federal prosecutors in Brooklyn had opened a criminal investiga- tion into how Donald had obtained the option in the first place. U.S. Attorney Ed Korman was examining allegations that Trump's reten- tion of Berger was a payoff for Berger's sudden switch on the rail-yard sale. Donald sent Roy Cohn to meet with Korman, who made it clear that Trump and Berger were the subjects of the inquiry and promised it would be a short and quiet one. Cohn dismissed the payoff allega- tion and offered an interview with Trump, unencumbered by a lawyer.

So a federal investigator went out to Avenue Z to interview Don- ald. It was Trump who picked the location—a barren cubicle in the back of Fred Trump's end-of-the-earth office. The same investigator had delivered a subpoena to Donald's elegant new office in The Crown Building on Fifth Avenue, where he'd been greeted by giant Trump Organization lettering when he walked off the elevator. The Avenue Z hideaway was a sharp contrast—one that the agent felt had

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been deliberately selected by Trump to try to strike the pose of an ordinary guy. To complete the homey scene, Ivana and two-year-old Donald Jr. played around the office throughout the hour-and-a-half interview.

The investigator ran through his traditional speech: "You're a target of a grand jury. We have information that may be criminal in nature and may not be. That's what I'm here to determine." Donald took off his jacket and rolled up his sleeves. He was at ease and talkative. He claimed that he'd agreed to pay too much for the properties. He talked about the difficulty of the zoning change approval process. He denied any quid pro quo with Berger.\*

The investigation was a case of inference that never got past the inference. Though prosecutors rushed witnesses through a hasty grand jury, the probe had not begun until mid-1979, with the five-year statute of limitations just about exhausted. It died without an indictment and without ever hitting newsprint. Cohn would later compliment Korman about how carefully he'd kept the probe under wraps, adding that "now Donald's going around talking about it." When Korman, who subsequently became a federal judge, bumped into Trump at a dinner a few years later, Trump thanked him "for the professional way the investigation was handled," praising him for "no leaks." In fact, the probe remained a secret for a decade until Donald revealed it in his second book, *Surviving at the Top*.

Just as mysteriously as he had arrived on the West Side five years earlier, Trump finally, quietly slipped away in December 1979. He never told the architect who'd worked with him for years, Jordan Gruzen, why he was quitting. He never came up with a farewell plan, as he had promised. He never explained his departure. Everyone from Gruzen to Goodgold believed he had just grown tired of it all and moved on to other projects, especially Trump Tower, the monumental structure he planned for Fifth Avenue.

On the deadline day set by Palmieri for signing the new option, December 29, 1979, Donald came to Palmieri's Third Avenue offices and handed over a check for \$300,000, the deposit he was obliged to make. "I left this morning to come here thinking we'd close," he said. "I've been bouncing back and forth on it. But I've got Trump Tower going - got Atlantic City going. I'm getting out."

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Berger was represented in the probe by Fred Trump and Bunny Lindenbaum's old friend, ex-judge Nat Appel.

State of New Jersey  
 Division of Gaming Enforcement  
 INVESTIGATION REPORT

<b>2. SUBJECT</b> SUPPLEMENTAL REPORT ALLEGATIONS FROM THE BOOK <u>TRUMP: THE DEALS AND THE DOWNFALL</u>	<b>1. FILE NUMBER</b> 38-00
	<b>3. DATE</b> September 29, 1992
	<b>4. CASE NUMBER</b> 92-107

**5. NARRATIVE**

On June 24, 1992 a report was prepared by this agent which addressed numerous allegations contained in the book Trump: The Deals and the Downfall by Wayne Barret about Donald Trump and his suitability for a casino license in New Jersey. This supplemental report will address the allegation that Trump failed to disclose to the DGE that he was the target of a criminal investigation.

**1. DONALD TRUMP/INVESTIGATION BY U.S. JUSTICE DEPARTMENT**

**A. ALLEGATION:** The book alleges that Donald Trump failed to disclose on his casino application that he was the target of a criminal investigation by the U.S. Attorney's Office in New York City. The allegation was that federal prosecutors in Brooklyn had opened a criminal investigation into how Donald Trump had obtained the option to purchase Penn Central's West Side Rail Yards. Attorney Ed Korman was examining allegations that Trump's retention of David Berger was a payoff for Berger's sudden switch on the rail-yard sale. Trump is alleged to have sent attorney Roy Cohn to meet with Korman concerning the investigation.

**B. INVESTIGATION:** On August 20, 1992 an inquiry was made with the U.S. Attorney's Office, Southern District of New York, One St.

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ISSUED TO *Mr. [unclear]* *Gaming Commission*  
 DATE *3/1/99*

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DATE 9/29/92	PREPARED BY Steven E. Perkins, Agent	BADGE # 348	PAGE 1 OF 3 PAGES
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SUBJECT DONALD TRUMP	NAME OF UNIT TRUMP ENTITY	CASE NUMBER 92-107
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Andrews Plaza, New York, New York. The inquiry requested access to any information regarding an investigation by their office involving Donald Trump. (Exhibit #1) On August 27, 1992, a reply from Otto G. Obermaier, United State Attorney, informed the Division that " Pursuant to our longstanding policy, we can neither confirm nor deny that Mr. Trump has been under investigation. " (Exhibit #2) Pursuant on this reply, no further attempts were made to obtain information from the U.S. Department of Justice.

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On August 26, 1992, Donald Trump was questioned under oath by DAG Thomas Auriemma about the investigation by the U.S. Department of Justice. Mr. Trump stated that he remembered a government official about the rail yard deal but that it was no big deal. Trump stated that he was never served with a subpoena regarding the investigation. He stated that he spoke with the government official about the deal but he took it very lightly and was not aware that it was a criminal investigation. He could not recall all of the details because so much time had passed, however, he did not perceive it as important. He stated that there was an inquiry because of a negative article about the deal which was written by Wayne Barrett. Trump was positive that he was never subpoenaed or required to testify about the rail yard deal. (For additional information refer to the transcript of the sworn statement of Donald J. Trump dated August 26, 1992)

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On September 1, 1992, Wayne Barrett was interviewed by DAG Auriemma and Agent Perkins regarding the allegations about Trump contained in his book. (Exhibit #3) Regarding the rail yard transaction, Mr. Barrett reiterated the allegations made in the book. He indicated that Trump was interviewed by an investigator from the U.S. Attorney's Office named Tony Valenti. Valenti is the individual who is alleged to have informed Trump that he was the subject of a criminal investigation.

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U.S. Department of Justice

9-11-92  
To Mike  
Romano  
ME

United States Attorney  
Southern District of New York

**RECEIVED**  
SEP 1 1992

One Saint Andrew's Plaza  
New York, New York 10007

TRUMP  
Casino Licensing Section

August 27, 1992

NEW JERSEY DIVISION OF GAMING ENFORCEMENT  
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DATE 3/1/99

Mr. Michael E. Sullivan  
Deputy Director  
State of New Jersey  
Department of Law and Public Safety  
Division of Gaming Enforcement  
Trenton, New Jersey 08625

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Re: Donald J. Trump

Dear Mr. Sullivan:

We have received your letter of August 20, 1992 making an inquiry regarding Donald J. Trump. Pursuant to our long-standing policy, we can neither confirm nor deny that Mr. Trump has been under investigation.

Very truly yours,

OTTO G. OBERMAIER  
United States Attorney

By: Denise Cote  
DENISE COTE  
Chief, Criminal Division

DIVISION OF GAMING ENFORCEMENT

Interview Report

Name: Wayne Barrett

Date: September 3, 1992

Address: [REDACTED]

Location of Interview: same as above

Time & Date of Interview: 9:30 a.m. September 1, 1992

Interviewer(s) Name(s) and Title(s): Thomas Auriemma, Deputy Attorney General; Steven Perkins, Agent

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List Other Persons Present During Interview: N/A *Assistant Gaming Commission*

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Narrative:

Wayne Barrett is the author of a book entitled Trump: The Deals and the Downfall. The book questions Trump's qualifications to hold a casino license in New Jersey and alleges that Trump has had numerous dealings with organized crime figures. On September 1, 1992 at 9:30 a.m. Mr. Barrett was interviewed at his summer home located at [REDACTED]. Mr. Barrett was interviewed by DAG Thomas Auriemma and Agent Steven Perkins to determine if he could provide any additional information to substantiate the allegations made in the book. The following is a summary of what was discussed:

1. Barrett prefaced the interview by stating that his project involving the Trump book was complete and he has no animosity towards Donald Trump. He stated that his book fairly reported the facts about Trump and he has no reason to try to further discredit Trump.

2. Barrett stated that his investigation indicated that Trump lied on his initial casino application. Trump did not truthfully answer the question about being the target of a criminal investigation. According to Barrett, former U.S. Attorney, Ed Korman (currently a federal judge) had targeted Donald Trump in a criminal investigation. The investigation examined the possibility of a payoff from Trump to a David Berger regarding Trump obtaining an option to purchase the West Side Rail Yards. Trump was

concerned about the investigation and had his attorney, Roy Cohn meet with Korman. Cohn arranged to have Trump meet with a federal investigator regarding the investigation. The investigator's name was Tony Valenti, who informed Trump that he was the target of a criminal investigation. Trump was not issued a subpoena but agreed to talk to the agent without counsel. Trump knew he was the target of a criminal investigation and then lied on his New Jersey casino license application. Korman told Barrett that Donald Trump personally thanked him for keeping the investigation quiet. Barrett feels that Trump should be held accountable for lying on the casino application, especially after the Casino Control Commission denied a license to Playboy and Hilton.

3. Barrett was made aware of a meeting at the New York townhouse of Roy Cohn involving Donald Trump and Anthony "Fat Tony" Salerno by a confidential source. The source is a former female employee of Roy Cohn. She informed Barrett that the meeting was held in the New York townhouse of Roy Cohn and was very specific about the time frame of the meeting (1983). Barrett found the source to be credible because she told him she specifically remembered the meeting because she liked Donald Trump and Tony Salerno and thought that it would be good if two of her favorite people became friends. Barrett stated that he thinks this source may be willing to talk to DGE agents. When Barrett returns to New York he will look through his files to obtain the phone number of this source. He will contact the source to see if she is willing to speak to the DGE.

Barrett added that it's possible that an organized crime individual and associate of Salerno named Cafora may have been at the meeting. Cafora is now in the Federal Witness Protection Program and is cooperating with the ~~NEW JERSEY DIVISION OF GAMING ENFORCEMENT~~ DGE. Cafora may be willing to talk to the DGE regarding his presence at the meeting.

4. Barrett was questioned about Daniel Sullivan and Kenny Shapiro and the allegation that Donald Trump wanted to use them to funnel campaign contributions to former City mayor, Mike Matthews. Barrett stated that he did not think they were a credible witness. However, Sullivan's story about Donald Trump's plan for the contributions was the same as Shapiro's. Barrett interviewed Sullivan and his assistant interviewed Shapiro and they found their stories to be the same regarding the contributions. Barrett stated that it would be helpful if the DGE could obtain Shapiro's grand jury testimony. Barrett thinks that Donald Trump was responsible for the investment banking firm of Bear Stearns, (Ace Greenberg) donating \$1,500 to the Matthews campaign. Barrett concluded that Donald Trump must have made a phone call to Bear Stearns (Greenberg) requesting the contribution.

5. Barrett obtained information that Trump wanted to use the apartment of Joseph Weichselbaum to hide Marla Maples from the



press. The source of this information was a long time employee of Donald Trump. He did not think that this source would talk to the DGE.

Barrett had investigated a rumor that in 1990 Donald Trump was transported by ambulance to a medical facility as a result of a drug overdose. Barrett could not confirm this rumor.

6. Barrett had information that Trump promised to give concrete work to Manny Ciminello, if, Ciminello could convince New York city councilman Jerry Crispino to vote for the approval of Trump's West Side Rail Yard project. Ciminello is also a gambler in Atlantic City.

7. Barrett reiterated that Trump attended a closing on a Trump Tower condominium in the early 1980's where a Robert Hopkins brought \$200,000 in cash. Mr. Barrett will search his notes and provide the name of the bank where the funds were ultimately deposited. Barrett was certain that there was no filing of a Currency Transaction Report (CTR).

Barrett concluded that he would contact the DGE regarding the decisions of his confidential sources to speak with the Division. Mr. Barrett has a permanent residence in Brooklyn New York and can be reached at ( [REDACTED] ). Nothing else was discussed at this time.

S.E.C.

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