

STATE OF NEW JERSEY
CASINO CONTROL COMMISSION
MONDAY, APRIL 20, 1987 - 10:00 a.m.

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LAWRENCEVILLE, NEW JERSEY

APR 23 1987

In Regard to the Matter of: x

NEW JERSEY
CASINO CONTROL COMMISSION
VOLUME I

APPLICATIONS OF TRUMP PLAZA :
ASSOCIATES FOR RENEWAL OF ITS :
PLENARY CASINO LICENSE AND :
SEASHORE FOUR ASSOCIATES FOR :
RENEWAL OF ITS CASINO SERVICE :
INDUSTRY LICENSE :
- - - - - x

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B E F O R E:

WALTER N. READ - Chairman
CARL ZEITZ - Vice-Chair
W. DAVID WATERS - Commissioner
E. KENNETH BURDGE - Commissioner
VALERIE H. ARMSTRONG - Commissioner

ALSO PRESENT:

KAREN BIACHE - Sr. Procedures Analyst
BARBARA GALLO - Procedures Analyst
THOMAS FLYNN - Public Information Officer

ON BEHALF OF THE COMMISSION STAFF:

JOHN ZIMMERMAN - Legal
JOYOTI FLEMING - Legal

CERTIFIED COPY



A P P E A R A N C E S:

ON BEHALF OF THE DIVISION OF GAMING ENFORCEMENT:

MICHAEL VUKCEVICH	- Deputy Attorney General
JOHN ADAMS	- Deputy Attorney General
TIMOTHY FICCHI	- Deputy Attorney General

ON BEHALF OF THE APPLICANTS:

NICHOLAS L. RIBIS, ESQ.	- RIBIS, McCLUSKEY & GRAHAM
BRIAN SPECTOR, ESQ.	Short Hills Plaza
	636 Morris Turnpike
	Short Hills, NJ 07078

-and-

NICHOLAS F. MOLES, ESQ.	- TRUMP PLAZA ASSOCIATES
General Counsel	Atlantic City, New Jersey

HARVEY I. FREEMAN	- The Trump Organization
Exec. Vice-Pres.	725 Fifth Ave.
	New York, NY 10022

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New Jersey Casino Control Commission
Hearing in the Matter of
The Applications of Trump Plaza Associates
For Renewal of its Plenary Casino License and
Seashore Four Associates for Renewal of its
Casino Service Industry License
April 20, 1987
Stipulation Exhibits

<u>Number</u>	<u>Entered</u>	<u>Description</u>	<u>EVD.</u>
S-1	4/20/87	Stipulation dated 4/20/87 between the Division of Gaming Enforcement and Trump Plaza Associates	17

New Jersey Casino Control Commission
Hearing in the Matter of
The Applications of Trump Plaza Associates
For Renewal of its Plenary Casino License and
Seashore Four Associates for Renewal of its
Casino Service Industry License
April 20, 1987
Joint Exhibits

<u>Number</u>	<u>Entered</u>	<u>Description</u>	<u>EVD.</u>
J-1	4/20/87	Deposition dated 7/11/86 of Marc S. Intriligator	17
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New Jersey Casino Control Commission
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The Applications of Trump Plaza Associates
For Renewal of its Plenary Casino License and
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Casino Service Industry License
April 20, 1987
Division of Gaming Enforcement Exhibits

<u>Number</u>	<u>Entered</u>	<u>Description</u>	<u>EVD.</u>
D-1	4/20/87	Supplemental Report dated 12/30/86 re: Marina Roadway Issue to the Casino Control Commission from Deputy Attorney General Eugene Schwartz	17
D-2	4/20/87	Trump Application for a Nevada Gaming License, dated 9/12/86, reference to investment in Holiday Corporation (Portions to be sealed)	17
D-3	4/20/87	Notification and Report Form for certain mergers & acquisitions (Hart-Scott-Rodino Antitrust Filing) re: Trump ownership in Holiday Corporation (Portions to be sealed)	17
D-4	4/20/87	Schedule 13-D, dated 11/14/86, filed by Donald Trump with SEC re: Bally Manufacturing Corp. (Portions to be sealed)	17
D-5	4/20/87	Schedule 13-D, dated 12/16/86, filed by Donald Trump with SEC re: Bally Manufacturing Corp. (Portions to be sealed)	17
D-6	4/20/87	Schedule 13-D, dated 12/24/86, filed by Donald Trump with SEC re: Bally Manufacturing Corp. (Portions to be sealed)	17
D-7	4/20/87	Scheduled 13-D, dated 1/20/87, filed by Donald Trump with SEC re: Bally Manufacturing Corp. (Portions to be sealed)	17
D-8	4/20/87	Schedule 13-D, dated 2/21/87, filed by Donald Trump with SEC re: Bally Manufacturing Corp. (Portions to be sealed)	17

<u>Number</u>	<u>Entered</u>	<u>Description</u>	<u>EVD.</u>
D-9	4/20/87	Complaint, dated 12/5/86, for Injunctive and Declaratory Relief: Bally vs. Donald Trump, et. al.	17
D-10	4/20/87	Answer and Counterclaims dated 12/16/86: Bally vs. Donald Trump, et. al.	17
D-11	4/20/87	Notification and Report Form for certain mergers & acquisitions (Hart-Scott-Rodino Antitrust Filing) re: Trump ownership in Bally Manufacturing Corp. (Portions to be sealed)	
D-12	4/20/87	Deposition of Donald Trump, dated 1/12/87, re: Bally vs. Donald Trump, et. al.	17
D-13	4/20/87	Affidavit of Donald Trump, dated 1/20/87, re: Bally vs. Donald Trump, et. al.	17
D-14	4/20/87	Letter agreement, dated 2/21/87, between Bally Manufacturing Corp. and Donald Trump; and Letter agreement, dated 2/21/87, between Bally Manufacturing Corp. and Bear Stearns & Co. (Portions to be sealed)	17
D-15	4/20/87	Operational Report prepared by the Division of Gaming Enforcement dated March 23, 1987 (Portions to be sealed)	17
D-16	4/20/87	Report dated April 7, 1987 on the Application of Trump Plaza Associates for renewal of its casino license	17

New Jersey Casino Control Commission
Hearing in the Matter of
The Applications of Trump Plaza Associates
For Renewal of its Plenary Casino License and
Seashore Four Associates for Renewal of its
Casino Service Industry License
April 20, 1987
New Jersey Casino Control Commission Exhibits

<u>Number</u>	<u>Entered</u>	<u>Description</u>	<u>EVD.</u>
C-1		Report dated 4/10/87 of the Facilities Review Section by Assistant Counsel Catherine Walker	23
C-2		Report dated 4/10/87 of the Entities and Qualifiers Section by Senior Assistant Counsel E. Dennis Kell	25
C-3		Report dated 4/8/87 of the Employee Licensing Bureau by Application Analyst Laurie A. Brent	27
C-4		Report dated 3/10/87 of the Enterprise Licensing Bureau	28
C-5		Report dated 4/10/87 on the renewal of the casino service industry license of Seashore Four Associates by Assistant Counsel Joyoti M. Fleming	30
C-6		Report dated 4/3/87 of the Division of Affirmative Action and Planning by Acting Director Claire Frank	31
C-7		Report dated 4/10/87 of the Division of Financial Evaluation and Control	29

New Jersey Casino Control Commission
Hearing in the Matter of
The Applications of Trump Plaza Associates
For Renewal of its Plenary Casino License and
Seashore Four Associates for Renewal of its
Casino Service Industry License
April 20, 1987
Applicant Exhibits

9

<u>Number</u>	<u>Entered</u>	<u>Description</u>	<u>ID</u>
A-1	4/20/87	Letter dated 4/20/87 from Nicholas L. Ribis to the Casino Control Commission	31
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P-R-O-C-E-E-D-I-N-G-S

(Commencing at 10:20 a.m.)

(All Five Commissioners present.)

MS. BIACHE: I would like to read
an opening statement.

"This is to advise the general
public and to instruct that it be recorded
in the Minutes that in compliance with
Chapter 231 of the Public Laws of 1975,
entitled the 'Open Public Meetings Act', the
New Jersey Casino Control Commission at
12:17 p.m. on April 10, 1987 hand-delivered
to the Office of the Secretary of State and
caused to be posted on the bulletin board
located outside the Secreary of State's
Office at the State House, Trenton, New
Jersey and at 1:45 p.m. on April 10, 1987
mailed to the Press of Atlantic City and to
the Newark Star Ledger and to the Office of
the Clerk of Atlantic city a meeting notice
setting forth the time, date and location of
this meeting.

"Members of the press will be
permitted to take photographs of today's
meeting. We would ask, however, that this

1 be done in a manner which is not disruptive
2 of the meeting or distracting to the
3 Commission and which does not interfere with
4 the public'sd right to observe the meeting."

5 CHAIRMAN READ: Thank you. Call
6 the meeting to order.

7 Note the presence of all five
8 Commissioners.

9 This is, of course, the Trump Plaza
10 Associates' renewal. I would ask, as we
11 start, if counsel would identify themselves.

12 For the Division?

13 MR. VUKCEVICH: Michael Vukceвич,
14 on behalf of the Division of Gaming
15 Enforcement.

16 MR. RIBIS: Nicholas Ribis, on
17 behalf of Trump Plaza Associates, along with
18 Nicholas Moles, General Counsel of Trump
19 Plaza Associates; Harvey Freeman, from the
20 Trump Organization; Brian Spector from my
21 office.

22 I would like to introduce several
23 people in the audience. We have Donald and
24 Robert Trump; Steve Hyde, the President of
25 Trump Plaza, is here; and I think you all

1 know Steve.

2 Mark Etess, Executive
3 Vice-President. Mark, would you stand up.
4 Lee Johnson is also here. He's the
5 Vice-President in charge Finance and
6 Administrative Affairs at the Plaza.

7 Aside from that, I think I've noted
8 everyone, sir.

9 CHAIRMAN READ: Thank you. The
10 matter on the agenda today, as I indicated,
11 is the hearing in the application for Trump
12 Plaza Associates for renewal of its casino
13 license and its casino-hotel alcoholic
14 beverage license.

15 As part of this hearing, we will
16 also consider the application of the
17 Seashore Four Associates to renew its casino
18 service industry license.

19 Trump Plaza presently holds a
20 plenary casino license which is due to
21 expire on May 16th of 1987 and Seashore
22 Four's license expires on May 31st.

23 In order to expedite this hearing,
24 we've conducted two pre-hearing conferences,
25 at which we provided for an exchange of

1 discovery, identified the issues to be
2 decided, and established the procedures for
3 this hearing.

4 In addition, the first pre-hearing
5 order sets forth the criteria for the
6 renewal of licenses.

7 The Division is, of course, engaged
8 in a continuing investigation of the
9 licensees and will present evidence at this
10 hearing in discharging its statutory
11 obligation of providing the Commission with
12 all information necessary to determine these
13 license applications.

14 The Division has issued a report to
15 the Commission relating generally to the
16 license renewal applications, and another
17 report relating to casino operations.

18 The Division has previously issued
19 a report relating to issues considered at
20 last year's Trump Castle Associates' license
21 hearing relating to the Marina district road
22 improvements.

23 It was determined at the
24 pre-hearing conferences that this report
25 would be considered at this hearing because

1 the report ultimately relates to the
2 qualifications of persons who are qualifiers
3 of both the Plaza and Castle entities.

4 The order of proof at this hearing
5 will be, as follows:

6 First, the licensees, and then the
7 Division, may present opening statements ,
8 if they choose. The licensees will then
9 present their case. The Division may then
10 present any evidence it deems appropriate.

11 After all of the parties have
12 rested, first the Division, and then the
13 licensees, will be permitted to make closing
14 statements.

15 During the pre-hearing conferences,
16 it was agreed that the licensees would join
17 the Division in a good-faith effort to
18 identify undisputed factual matters relevant
19 to the licensing issues.

20 Any such undisputed matters were to
21 be stated at this hearing. If approved by
22 the Commission, the factual stipulations
23 shall be deemed established for the purpose
24 of the hearing.

25 However, the Commission retains the

1 right to request any party to present
2 evidence or testimony for the purpose of
3 clarifying or supplementing a stipulated
4 matter.

5 In addition, if the evidence
6 presented at this hearing indicates to the
7 Commission that a particular stipulation is
8 not accurate or adequate, the Commission
9 may, on fair notice to the parties, reject
10 the particular stipulation and require proof
11 on the matter.

12 I would now ask counsel for the
13 licensee and for the Division whether they
14 now request any stipulation be approved by
15 the Commission, subject to the conditions I
16 stated?

17 MR. VUKCEVICH: Yes. Mr. Chairman,
18 the Division has marked as Exhibits D-1
19 through D-16 and, also, J-1 and J-2.

20 I've discussed those with Mr. Ribis
21 and he has indicated that he would stipulate
22 to them and would not object to their
23 admission into evidence.

24 Those exhibits include the
25 Division's report filed pursuant to this

1 matter and, also, the Division's report was
2 filed as a supplement regarding the Marina
3 roadway matter. Thank you.

4 CHAIRMAN READ: Mr. Ribis, no
5 objection to those items?

6 MR. RIBIS: I have no objection. I
7 think there is one other stipulation on the
8 operational items.

9 MR. FICCHI: Yes, that's correct.
10 It was just given to Karen Biache this
11 morning. It's the same one you have seen
12 last week. It's been signed by myself and
13 Mr. Moles this morning. We would like to
14 offer that into the record.

15 CHAIRMAN READ: Does that have a
16 number that you have assigned to it, Mr.
17 Ficchi?

18 MR. FICCHI: No, I don't.

19 MR. RIBIS: I think it's S-1.

20 MS. BIACHE: That's S-1.

21 CHAIRMAN READ: S-1? We have a lot
22 of letters here.

23 MR. RIBIS: I have no objection to
24 S-1, obviously.

25 CHAIRMAN READ: Very fine. All of

1 those items as D-1 through D-16, J-1 and
2 J-2, and S-1, there is no objection, I
3 assume that the parties will receive the
4 stipulation.

5 No further stipulations, then?

6 (Exhibits D-1 through D-16; J-1 and
7 J-2; and S-1 received in evidence.)

8 In that case, we'll come to
9 exhibits.

10 Documentary exhibits, as you know,
11 may be submitted into evidence during the
12 course of the hearing and, once marked in
13 evidence, such exhibits, unless sealed, will
14 be available to the public for review.

15 I would now ask counsel for the
16 applicants and for the Division whether
17 there are any premarked and stipulated
18 exhibits to which there are no admissibility
19 objections?

20 MR. VUKCEVICH: Your Honor, the
21 Division would note those exhibits have been
22 referred to and are in fact D-1 through
23 D-16, J-1 and J-2, as well as S-1.

24 CHAIRMAN READ: They are all
25 exhibits listed as such, although they are

1 stipulated. Mr. Ribis?

2 MR. RIBIS: I would request we
3 follow the usual procedure on the items
4 which would not be for public consumption.
5 That is, we could designate those items
6 through your general counsel that we believe
7 should be protected from public view.

8 We would do that immediately after
9 the hearing, if that would be appropriate.

10 CHAIRMAN READ: Does that have
11 anything to do with the items that have
12 already been stipulated to?

13 MR. RIBIS: I don't believe so. I
14 believe, but I --

15 CHAIRMAN READ: You're talking
16 about reports that haven't been received, we
17 haven't gotten to that yet.

18 MR. RIBIS: Okay. Fine.

19 MS. BIACHE: Mr. Chairman, D-15 is
20 the operational report.

21 MR. RIBIS: Yes, there is the
22 operational report that has been marked into
23 evidence.

24 CHAIRMAN READ: That should be
25 referred to counsel for possible sealing.

1 MR. RIBIS: That's correct.

2 CHAIRMAN READ: That is D-15?

3 MS. BIACHE: Yes.

4 MR. ZIMMERMAN: Excuse me. Just so
5 I understand. Other than D-15, there is no
6 request for sealing of any of the other
7 documents?

8 I'm sure there will be requests for
9 the documents, I just want to make sure ...

10 MR. RIBIS: At the present time, I
11 don't have any requests for the protection
12 of the information. There is, although, in
13 the filings that are contained here in the
14 various Schedule 13-D's, financial
15 information of Mr. Trump, which I would
16 request be sealed, as we have done in the
17 past as to that personal financial business
18 information.

19 CHAIRMAN READ: I understand that.
20 Have we received that yet? Is that part of
21 the stipulation, so far?

22 MR. RIBIS: Well, it's really part -
23 it's part of the documents that have been
24 marked as Division documents in evidence.
25 There is DGE-2, 3, 4, 5, 6, 7, and 8 which

1 relate specifically to the Nevada gaming
2 which have been marked previously, which
3 contain information which should be
4 considered personal and protected, and we
5 would request after this hearing this be
6 done.

7 CHAIRMAN READ: That's D-2, 3, 4,
8 5, 6, 7, and 8?

9 MR. RIBIS: D-2 through 11, except
10 that D-9 and D-10, I don't believe there
11 will be any request on those documents.
12 They are complaints and answers.

13 CHAIRMAN READ: If I understand it
14 correctly now, we have D-2 through D-11,
15 with the exception of 9 and 10; would that
16 be right?

17 MR. RIBIS: That's correct. Then
18 there is D-15, the operational report.

19 CHAIRMAN READ: We've already
20 covered that.

21 MR. RIBIS: Then there is a letter
22 agreement referred to in D-14 between Bally
23 Manufacturing Corp. and Donald Trump, which
24 may contain information.

25 I don't believe we need to seal the

1 entire reports.

2 CHAIRMAN READ: Well, none of these
3 reports will be sealed at this moment.

4 They'll be referred to counsel for
5 review for sealing.

6 MR. RIBIS: Thank you.

7 CHAIRMAN READ: All right. That
8 reference has been made, Mr. Zimmerman, and
9 you have all those notes with respect to
10 that.

11 MR. ZIMMERMAN: Yes.

12 CHAIRMAN READ: Are there any other
13 exhibits that will be received at this time
14 from either party?

15 MR. VUKCEVICH: No, Mr. Chairman.

16 MR. RIBIS: Nothing at this time.

17 CHAIRMAN READ: Nothing further.

18 Then we'll get to staff reports.

19 The Commission staff has prepared
20 various reports covering certain of the
21 prerequisites for the renewal of casino
22 licenses.

23 Pursuant to the pre-hearing
24 conference orders, these reports have been
25 distributed to the parties. Accordingly,

1 the parties may be willing to stipulate to
2 the staff reports and accept the conditions
3 and recommendations set forth therein.

4 Ms. Fleming, what is the status of
5 the facilities report?

6 MS. FLEMING: Mr. Chairman, the
7 report of the Facilities Review Section,
8 dated April 10, 1987, which has been
9 premarked as C-1, addresses all of the
10 statutory and regulatory criteria related to
11 the approved facility and contains
12 recommended conditions.

13 It also contains the casino-hotel
14 alcoholic beverage license report.

15 The report has been distributed to
16 the parties.

17 At this time, I would ask the
18 parties if they are willing to stipulate to
19 the contents of this report and the proposed
20 license conditions contained in the report?

21 MR. RIBIS: I have no objection to
22 the report and stipulation.

23 MR. VUKCEVICH: The Division has no
24 objection, sir.

25 CHAIRMAN READ: Thank you. That

1 will be received.

2 (Exhibit C-1 received in evidence.)

3 CHAIRMAN READ: What is the status
4 of the entities and qualifiers report?

5 MS. FLEMING: Mr. Chairman, the
6 Report of the Entities and Qualifier
7 Section, dated April 10th, 1987, has been
8 premarked as C-2, and has also been
9 distributed to the parties.

10 It identifies the natural person
11 qualifiers, qualifying business entities and
12 financial sources and it contains
13 recommended conditions.

14 In a letter report dated April 8th,
15 1987, the Division of Gaming Enforcement
16 report on the qualification of J. Cramer
17 and, in a letter report dated April 14,
18 1987, the Division reported on the
19 qualification of Adeline Vordinaro
20 (phonetic.)

21 However, the Division has not been
22 able to report on the qualification of First
23 Pennsylvania Bank, Union Planters National
24 Bank and Harrah's Atlantic City.

25 I would now ask counsel to indicate

1 whether or not they agree with the list of
2 qualifiers and financial sources that are
3 contained in the report, and I would also
4 ask the Division to update us on First
5 Pennsylvania Bank, Union Planters Bank and
6 Harrah's Atlantic City.

7 MR. RIBIS: I have no objection to
8 the report or the listed financial sources.

9 CHAIRMAN READ: Thank you.

10 MR. VUKCEVICH: The Division at
11 this point would have no objection to the
12 list of financial sources as set forth by
13 Mr. Dennis Kell of the Commission staff.

14 As far as it concerns First
15 Pennsylvania Bank and Union Planters, the
16 Division is working on those matters in a
17 diligent fashion and will report on that to
18 the Commission prior to the expiration of
19 the Trump Plaza Associates' current license.

20 As concerns Harrah's Atlantic City,
21 although the Division does not at this point
22 interpose any objection, the Division would
23 have no problem, should the Commission
24 determine that its consideration of Harrah's
25 Atlantic City should be deferred concerning

1 the upcoming Holiday Corporation licensure
2 proceeding, where that matter will be fully
3 looked into.

4 CHAIRMAN READ: Thank you. C-2
5 then will be received on the basis of those
6 representations.

7 (Exhibit C-2 received in evidence.)

8 CHAIRMAN READ: I would like to
9 comment that I do appreciate the --

10 MS. FLEMING: Mr. Chairman, excuse
11 me. I would note that the Commission's
12 determinations as to the qualifications or
13 requalifications of listed business
14 entities, natural person qualifiers, and
15 financial sources, may all properly be
16 included in the Commission's final vote.

17 I'd like to note that the
18 applicants have requested a waiver of the
19 qualification of all Trump Plaza Funding,
20 Incorporated by the bondholders pursuant to
21 Section 85(d)1 of the Act.

22 I would ask for the Division's
23 concurrence with the waivers.

24 CHAIRMAN READ: Is that all of the
25 bondholders?

1 MR. RIBIS: Yes.

2 CHAIRMAN READ: Fine.

3 MR. VUKCEVICH: Mr. Chairman, on
4 behalf of the Director of the Division, the
5 Division would so concur.

6 CHAIRMAN READ: Thank you.

7 Based upon what's just been placed
8 on the record then, I would accept a motion
9 to grant this request for waiver of the
10 qualifications, pursuant to Section 85(d)1
11 of the Act, of the securities holders in
12 question.

13 Is there a motion?

14 COMMISSIONER BURDGE: So moved.

15 COMMISSIONER ARMSTRONG: Second.

16 CHAIRMAN READ: Duly moved and
17 seconded.

18 Any discussion?

19 All in favor?

20 (All Commissioners present voted
21 in favor of the motion.)

22 CHAIRMAN READ: Unanimously
23 carried.

24 I started to say that I do
25 appreciate the filing of the personal

1 history disclosure statement, since the last
2 pre-hearing conference. It was a very
3 efficient use of the time, Mr. Ribis, I
4 appreciate it.

5 Based upon what's just been done
6 with that, I think that's completed then.

7 What's the status of the Enterprise
8 License Bureau and the Employee License
9 Bureau reports?

10 MS. FLEMING: Mr. Chairman, Rhgw
11 Employee License Bureau report dated April
12 8th, 1987, has been premarked as C-3. The
13 Enterprise Licence Bureau report, dated
14 March 10th, 1987, has been premarked as C-4.

15 These reports have also been
16 distributed to the parties. I would ask the
17 parties to indicate their position with
18 respect to these reports?

19 MR. RIBIS: No objection to C-3 or
20 C-4.

21 MR. VUKCEVICH: No objection.

22 CHAIRMAN READ: C-3 will be
23 received in evidence.

24 (Exhibit C-3 received in evidence.)

25 CHAIRMAN READ: Ms. Fleming, what

1 about the status of the Financial Evaluation
2 and Control reports in this matter?

3 Do you have that?

4 MS. FLEMING: Mr. Chairman, I
5 believe C-4 also must be moved into
6 evidence.

7 CHAIRMAN READ: Oh, yes.

8 With respect to C-4, that's the --

9 MS. FLEMING: That's the Enterprise
10 License Bureau report.

11 CHAIRMAN READ: Yes. Mr. Ribis,
12 any problem with that?

13 MR. RIBIS: No, I don't.

14 MR. VUKCEVICH: No objection.

15 CHAIRMAN READ: C-4 then will be
16 received.

17 (Exhibit C-4 received in evidence.)

18 CHAIRMAN READ: Now, then, as to
19 the Financial Evaluation and Control
20 Division's report?

21 MS. FLEMING: This report is dated
22 April 10th, 1987, and has been premarked as
23 C-7.

24 I would ask the parties to indicate
25 their position with respect to this report.

1 MR. RIBIS: Yes. On behalf of the
2 applicant, we have no objection, and would
3 request there is information in this report
4 which we request be sealed.

5 CHAIRMAN READ: Yes.

6 MR. VUKCEVICH: The Division would
7 have no objection.

8 CHAIRMAN READ: That will be
9 received then with the reference to the
10 Legal Division for review for sealing.

11 (Exhibit C-7 received in evidence.)

12 CHAIRMAN READ: Now, let me just
13 ask, that was C-7?

14 MS. FLEMING: Yes, Mr. Chairman.

15 CHAIRMAN READ: That will be
16 received as indicated.

17 Then what's the status of the
18 Seashore Four Associates' license report?

19 MS. FLEMING: The C.S.I. report for
20 Seashore Four Associates, dated April 10th,
21 1987, has been premarked as C-5.

22 I would now ask the parties to
23 indicate their position with respect to this
24 report.

25 MR. RIBIS: We have no objection to

1 C-5, Mr. Chairman.

2 MR. VUKCEVICH: The Division also
3 has no objection.

4 CHAIRMAN READ: There being no
5 objection, C-5 will be received as Seashore
6 Four.

7 (Exhibit C-5 received in evidence.)

8 CHAIRMAN READ: Finally, would you
9 indicate where we stand with respect to the
10 Affirmative Action & Planning Division's
11 report in the matter?

12 MS. FLEMING: Mr. Chairman, the
13 report of the Division of Affirmative Action
14 & Planning, dated April 3rd, 1987 has been
15 premarked as C-6.

16 I would ask the parties to indicate
17 their position with respect to this report?

18 MR. RIBIS: We have no objection.
19 There was an agreed-to amendment on Page 6,
20 Paragraph 4 that Mr. Moles handled under the
21 Findings Section, where some of the language
22 was modified with the consent of the
23 Commission and the applicant.

24 I believe that is so.

25 MS. FLEMING: Yes. Mr. Chairman,

1 Ms. Frank has indicated to me that the
2 Division of Affirmative Action and Planning
3 has no objection to that.

4 CHAIRMAN READ: To those
5 modifications?

6 MR. RIBIS: Thank you. We have no
7 objection to the report.

8 CHAIRMAN READ: Fine. Mr.
9 Vukceovich, you're familiar with the
10 modifications?

11 MR. VUKCEVICH: Yes. The Division
12 has no objection to C-6 as modified, sir.

13 CHAIRMAN READ: Thank you. That
14 will be received then as modified.

15 (Exhibit C-6 received in evidence.)

16 CHAIRMAN READ: Are there any
17 further procedural, evidential or other
18 matters, or are we ready for opening
19 statements?

20 MR. RIBIS: There is one document
21 that the applicant has submitted, I believe,
22 it's been marked A-1.

23 MS. BIACHE: A-1.

24 (A-1 marked for identification.)

25 MR. RIBIS: It's a letter dated

1 April 20th. It relates to the procedures
2 which were addressed in the Division's
3 report as to potential joint ventures with
4 gaming related companies and the procedures
5 which would be followed regarding that.

6 I would like to mark this as A-1 in
7 evidence. I don't believe the Division has
8 any objection?

9 MR. ADAMS: Mr. Chairman, we
10 received a copy of this this morning. I
11 have not yet had an opportunity to discuss
12 it with the Director of the Division. We
13 would like the opportunity of course to do
14 that and reserve any right to make any
15 comments about the proposed procedures
16 contained in the letter.

17 I have not problem at this point
18 having the document at least marked.

19 CHAIRMAN READ: I will say, Mr.
20 Ribis, having read the letter quickly, it
21 seemed a little -- to be charitable --
22 vague?

23 MR. RIBIS: There is no question
24 it's got to be beefed up. I talked to Mr.
25 Schwartz this morning. I think that we can

1 address that with some more detail at some
2 time. I wanted to show the willingness of
3 the applicant to install appropriate
4 procedures.

5 This is just a truncated outline of
6 what we would --

7 CHAIRMAN READ: I think we have had
8 in other matters a more specific detailed
9 plan for such an approach that you might
10 want to review before finalizing it.

11 MR. RIBIS: Yes. Thank you.

12 CHAIRMAN READ: Are there any
13 further procedural or evidential matters
14 that should be brought to our attention at
15 this stage?

16 MR. VUKCEVICH: None on behalf of
17 the Division.

18 MR. RIBIS: Nothing more on behalf
19 of the applicant.

20 CHAIRMAN READ: Are we ready for
21 openings?

22 MR. RIBIS: I would request on
23 behalf of the applicant that I reserve my
24 opening and have just a summation at the
25 conclusion of the hearing, if that's okay.

1 CHAIRMAN READ: Mr. VUKCEVICH?

2 MR. VUKCEVICH: The Division has no
3 problem with that.

4 CHAIRMAN READ: Fine. Would you
5 like to make an opening?

6 MR. VUKCEVICH: On behalf of the
7 Division, yes, sir.

8 CHAIRMAN READ: Fine.

9 MR. VUKCEVICH: Members of the
10 Commission, we are here today on the renewal
11 of Trump Plaza Associates' casino license
12 for a one-year term to commence on May 16th
13 of this year, 1987.

14 The activities of Mr. Donald Trump
15 who essentially owns the licensee during the
16 past renewal year cannot be described as
17 anything less than vigorous.

18 As directly concerns the Trump
19 Plaza Hotel and Casino, Mr. Trump, since the
20 last renewal proceeding before you, has
21 perfected his desire to redeem the interest
22 of Harrah's Atlantic City therein.

23 By doing so, at a cost of
24 approximately \$73 million, Mr. Trump has
25 achieved a 100 percent beneficial interest

1 in Harrah's Associates which partnership was
2 renamed on May 16th of last year to Trump
3 Plaza Associates.

4 Since redeeming that interest of
5 Harrah's Atlantic City, Mr. Trump has not,
6 in the Division's view, adopted or
7 maintained a passive attitude as concerns
8 the casino licensee and its operations.

9 For example, of the 13 persons
10 required to qualify on behalf of Trump's
11 Plaza Associates this year, the Division
12 would note that approximately 10 constitute
13 additions to the licensee's qualifier list
14 as compared to last year's proceeding.

15 Further, since the last renewal
16 proceeding, Trump's Plaza Associates has
17 initiated several internal inhouse
18 modifications which are worthy of noting.
19 Those include the formation of an audit
20 committee and the development of an employee
21 retirement savings plan.

22 The Division throughout the license
23 renewal year, and as part of its continuing
24 investigation, has monitored the operations
25 of the licensee, in view of the Division's

1 overall responsibilities and in view of the
2 licensee's significant change of internal
3 structure resulting from the redemption.

4 Although the Division recommended
5 in its March 23rd, 1987 operational report
6 that certain conditions be imposed upon
7 Trump's Plaza Associates, that report
8 concluded that T.P.A.'s, that is Trump Plaza
9 Associates', casino operations are in
10 general compliance with the requirements of
11 the Act, and that, in its first year of
12 operation under the Trump organization,
13 Trump's Plaza Associates has more than
14 demonstrated a satisfactory compliance
15 record.

16 Mr. Trump, since the redemption,
17 has continued with previously initiated
18 construction projects and has commenced new
19 projects to expand the Trump Plaza Hotel and
20 Casino. These projects include the ongoing
21 construction of a parking garage and
22 transportation center to be connected to the
23 casino-hotel by an elevated pedestrian
24 bridge which will cross Pacific Avenue.

25 Other projects of the licensee

1 include the acquisition of the land on
2 Atlantic Avenue and adjacent to the parking
3 garage transportation center for landscaping
4 and parking.

5 Additionally, the licensee has
6 proposed a \$40 million renovation project
7 which would include murals, stores, and a
8 Central Park theme on the exterior of the
9 casino at street level. That particular
10 project was recently approved by the
11 Atlantic City Zoning Board.

12 As demonstrated by the Division's
13 comprehensive report, the Division has and
14 will continue to monitor actions taken on
15 the part of the licensee toward the goal of
16 completing such projects.

17 While this particular hearing
18 concerns the renewal application of Trump's
19 Plaza Associates, the Division would note
20 that the separate license renewal proceeding
21 of Trump's Castle Associates is scheduled to
22 commence before you on the 28th of May of
23 this year. While the Division has not as of
24 this date filed it's report with the
25 Commission regarding that license renewal

1 proceeding of Trump's Castle Associates, as
2 is reflected in the first pre-hearing order
3 concerning this proceeding, the Division has
4 prepared a supplemental report with
5 reference to certain events surrounding
6 Trump Castle Associates' roadway obligation
7 which were the subject of testimony at last
8 year's renewal proceeding of Trump's Castle
9 Associates.

10 That report has been offered into
11 evidence and is in fact in evidence as
12 Division of Gaming Enforcement Exhibit No.
13 1.

14 Mr. Trump's activities during the
15 last year as relate to the acquisition of
16 him of an interest in entities licensed to
17 engage in gaming in the State of New Jersey
18 were no less vigorous than his other
19 business activities.

20 The Division, as part of its
21 ongoing investigation during the course of
22 the license renewal year, has in fact
23 closely monitored Mr. Trump's acquisition of
24 the stock of Holiday Corporation and Bally
25 Manufacturing Corporation.

1 The Division has also monitored Mr.
2 Trump's divestiture or partial divestiture
3 of his stockholdings in each of those
4 companies.

5 The Division, as is set forth in
6 its report, recognizes that certain recent
7 actions on the part of Holiday and Bally had
8 an appreciable effect on each of those
9 companies. And, additionally, an arguable
10 effect on the economic stability of each.
11 More particularly, although Mr. Trump's
12 purchases of the common stock of Holiday and
13 Bally enure to his benefit, where as
14 concerns Holiday in the approximate amount
15 of \$12,600,000, as concerns Bally, a
16 potential \$14,850,000, Mr. Trump's actions
17 have seemingly caused those companies to
18 undertake extraordinary corporate action.

19 Holiday has embarked, for example,
20 on a \$2.4 billion recapitalization and
21 refinancing program; while Bally has
22 purchased the Atlantic City Golden Nugget
23 Hotel and Casino for \$440 million.

24 Additionally, Bally has issued a
25 new series of preferred stock which was

1 designed and has been used to raise funds
2 which were necessary for Bally to purchase
3 the common stock that Mr. Trump owned.

4 In view of these actions on the
5 part of Bally and Holiday, both of which are
6 competitors of Mr. Trump in the Atlantic
7 City gaming industry, the Division in its
8 report to you recommended that Mr. Trump
9 demonstrate at this hearing that his actions
10 were not in derogation of the Casino Control
11 Act's legislative mandate that casino gaming
12 in Atlantic City be, one, vital; two,
13 competitive; and, three, economically sound.

14 As the Commission is aware, Mr.
15 Trump's activities as concerns his
16 acquisition of an interest in entities
17 licensed to engage in gaming-related
18 activity, has not been limited to Bally and
19 Holiday.

20 The Division has recently received
21 a petition concerning Mr. Trump's proposed
22 purchase of a significant percentage of the
23 common stock of Resorts International.

24 That proposed transaction, if
25 consummated, could result in Mr. Trump

1 acquiring a 92.9 percent voting control
2 interest in Resorts.

3 The Division is reviewing that
4 transaction and will report thereon to the
5 Commission in an expeditious fashion.

6 Trump's other gaming-related
7 activities during the course of the license
8 renewal year and as set forth in the
9 Division's letter report, included a
10 proposed entry into the Australian gaming
11 market. That would be accomplished through
12 a joint venture agreement with Kern
13 Corporation Limited which is an Australian
14 investment, development and construction
15 company.

16 The Division has learned during the
17 course of the license renewal year that,
18 although the Trump organization has
19 conducted general inquiries into the
20 reputation of Kern, prior to entering into
21 that relationship with Kern, the Trump
22 organization conducted no formal
23 investigation of Kern.

24 Although the Division has thus far
25 not developed any derogatory information as

1 concerns that company, that is, Kern, and at
2 the Division has recently learned that the
3 Trump organization's relationship with Kern
4 may be terminated, the Division remains of
5 the view that a licensee, as well as its
6 qualifiers and affiliates, has the
7 obligation to comprehensively and with due
8 diligence investigate any entity with which
9 it plans to enter into a casino business
10 relationship.

11 Accordingly, the Division has also
12 recommended that representatives of the
13 Trump organization, including Mr. Trump,
14 that is, Donald Trump, address this apparent
15 default in internal government's procedures
16 during the course of this hearing.

17 In view of the matters set forth in
18 the Division's report, and those matters
19 which have been highlighted before you here
20 today, the Division is of the view that
21 Trump's Plaza Associates and Mr. Trump
22 should thus provide testimony at this
23 hearing concerning Mr. Trump's acquisition
24 of the stock of gaming-related companies and
25 the Trump organizations affiliation with

1 Kern.

2 After such testimony is provided,
3 the Division will be questioning those
4 witnesses, including Mr. Trump, regarding
5 each of these areas, in order that a full
6 and complete record will be presented for
7 the Commission's consideration. Thank you.

8 CHAIRMAN READ: Thank you, Mr.
9 Vukceovich.

10 I think that brings us then, Mr.
11 Ribis, we're ready for testimony from your
12 witnesses.

13 MR. RIBIS: Yes, I'll call Donald
14 Trump, please.

15 THE REPORTER: Raise your right
16 hand, please.

17 Do you solemnly swear that the
18 testimony you are about to give in this
19 matter will be the truth, the whole truth
20 and nothing but the truth, so help you God?

21 MR. TRUMP: I do.

22 THE REPORTER: Please state your
23 full name and spell your last name.

24 MR. TRUMP: Donald Trump,
25 T-R-U-M-P.

1 DONALD TRUMP, having been first
2 duly sworn, was examined and testified as
3 follows:

4 CHAIRMAN READ: When you're ready.
5 DIRECT EXAMINATION

6 BY MR. RIBIS:

7 Q. Mr. Trump, calling your attention
8 to the Division of Gaming Enforcement's report that
9 has been marked into evidence before this hearing,
10 have you reviewed that report prior to your testimony
11 today?

12 A. Yes, I have.

13 Q. Calling specifically your attention
14 to the area regarding your investment, potential
15 investment into Australia.

16 Do you recall, and could you recall
17 for the Commission exactly what you did
18 prior to entering into a joint venture with
19 Kern Corporation?

20 A. Yes. When I heard that the other group, the
21 previous group, had not gone forward, for whatever
22 reason, with the Australian enterprise, I sought as
23 much information as I could through newspaper
24 accounts, et cetera, and then I ultimately determined
25 to send my attorney, Mr. Ribis, to Australia to make

1 a determination as to what he thought of the whole
2 venture.

3 Q. Did you receive a report from me
4 after I returned?

5 A. I don't remember specifically a report. I
6 believe you did do a report. I remember that you
7 were quite optimistic about the Kern group and about
8 some various other things that you learned about
9 Australia.

10 Q. Did you, also, retain Australian
11 counsel to assist us with the investigation of the
12 joint venture and Kern Corporation?

13 A. Yes, I did.

14 Q. That lawyer's name is, do you know?

15 A. John Kehoe.

16 Q. K-E-H-O-E.

17 Did you, also, thereafter, send in
18 early November Robert Fiori, a
19 vice-president at Trump's Castle, to
20 Australia?

21 A. Yes, I did.

22 Q. How long did Mr. Fiori stay in
23 Australia, do you recall?

24 A. Close to a week.

25 Q. While he was there, did he continue

1 working on the matter in conjunction with your
2 counsel?

3 A. Yes, he did.

4 Q. Do you recall when you entered into
5 your joint venture to submit a tender to the New
6 South Wales government with Kern Corporation? Was
7 that in mid-December?

8 A. I believe it was about at that time; yes.

9 Q. Prior to the time you entered into
10 that agreement, were you satisfied with the
11 information that you had received about Kern
12 Corporation from your counsel that you had sent to
13 Australia, your vice-president, and your local
14 counsel in Australia?

15 A. Yes, I was. In addition to which the Kern
16 Corporation was a listed company on a major
17 Australian exchange. I believe it's on the major
18 Australian exchange.

19 Q. That's correct.

20 A. It's been in existence, I believe, since
21 1947 as a company, and they seem to have a very good
22 reputation.

23 Q. Was it your intent prior to
24 entering into this potential joint venture with Kern
25 to find out as much as you could and do due diligence

1 regarding that company before entering into any
2 relationship with them?

3 A. Yes, it was.

4 Q. Turning your attention, Mr. Trump,
5 to late summer, early September of 1986, regarding
6 your purchase of Holiday Inn stock. Do you recall
7 purchasing Holiday Inn stock?

8 A. Yes, I do.

9 Q. Did you purchase it on the open
10 market?

11 A. Yes, I did.

12 Q. What was your intent when you
13 purchased that stock?

14 A. As I said in my S.E.C. filing, I purchased
15 it as an investment in a company that I thought was
16 under-valued at the time.

17 Q. Did you have discussions after your
18 purchase of that stock with Mr. Rose regarding your
19 acquisition of the stock?

20 A. I believe I called him sometime in September
21 or October, or whatever, and I had told him that I
22 made an investment in the company, and it was an
23 investment, per se. I believe he so stated at a
24 meeting of somebody, but I did call Mr. Rose and told
25 him I made an investment in Holiday; yes.

1 Q. What happened between September and
2 the time you sold the stock in late October and
3 November, which made you decide to sell the stock

4 A. Well, the stock price went up pretty
5 considerably. It went from -- I don't know what it
6 was when I bought it. It was in the fifties or
7 something; mid to low fifties. It went to 81. I
8 decided to sell the stock on the open market.

9 Q. Did Holiday's management take any
10 steps during the course of that time regarding the
11 restructuring of the company?

12 A. Well, they decided to offer a \$65 a share
13 dividend, and they decided to borrow quite a bit of
14 money; they decided to take back, I believe it was
15 about 10 percent of the company for themselves, for
16 the management of the company.

17 Based upon the various actions, I
18 decided to sell the stock. The stock price
19 was up. In addition to that, I decided to
20 sell the stock.

21 Q. Did you ever have any intent at the
22 time you purchased the stock in any way to damage the
23 company, Holiday Corporation?

24 A. Absolutely not, no.

25 Q. You purchased the stock because you

1 felt that it was under-valued?

2 A. It's proven to be under-valued. It was
3 under-valued, yes. In my opinion it was
4 under-valued.

5 Q. Did you file what we'll call the
6 Hart-Scott-Rodino filing with the Federal Trade
7 Commission on the Holiday transaction?

8 A. Yes, I did.

9 Q. To your knowledge did you receive
10 approval from the Justice Department for your
11 acquisition of that Holiday stock?

12 A. I believe so, yes.

13 Q. Calling your attention to your
14 purchase of stock in Bally, do you recall purchasing
15 stock in Bally in mid-November 1986?

16 A. Yes, I do.

17 Q. Could you address yourself to your
18 intent at the time you purchased the Bally stock,
19 what your intent was regarding this stock
20 transaction?

21 A. Well, Bally was a company that I also felt
22 was under-valued as a company itself, and I
23 purchased, I don't know what the extent of it was, I
24 guess ultimately it was 9.9 percent of the company.

25 I felt that it was an under-valued

1 stock. I felt it had potential to go up
2 quite a bit. I, as a matter of fact, would
3 have liked to have done a friendly
4 transaction or a friendly merger or a
5 friendly acquisition of the company.

6 I met with Mr. Mullane. I asked
7 Mr. Mullane at a breakfast --

8 Q. Who is Mr. Mullane?

9 A. Mr. Mullane is the Chairman or chief
10 executive officer of Bally. I asked Mr. Mullane
11 whether he would like to do a friendly merger or
12 friendly acquisition. His response to was to bring a
13 lawsuit against me at a later date.

14 Q. After your meeting with Mr.
15 Mullane, you mentioned a lawsuit. Bally sued you?

16 A. Yes, Bally sued me.

17 Q. Did you have counter suits against
18 Bally, also?

19 A. Yes, I did.

20 Q. At some later date.

21 Did Bally also, for want of a
22 better word, also pass on what we'll call
23 poison pills, on the restructuring of their
24 company prior to the acquisition of Golden
25 Nugget to make a takeover of the company

1 more difficult by an outsider?

2 A. Yes, they had a poison pill, but I believe
3 they strengthened their poison pill, made it as strong
4 as you could get.

5 Q. Did you also file for
6 Hart-Scott-Rodino clearance on this transaction?

7 A. Yes.

8 Q. Did you receive it.

9 A. Yes, I did.

10 Q. At sometime in late December, early
11 January, did you become aware that Bally had acquired
12 Golden Nugget?

13 A. Yes, I did.

14 Q. Could you explain to the Commission
15 what happened from early January until the time in
16 early February when you entered into an agreement
17 with Bally and why you determined to sell your stock
18 back to Bally.

19 A. Well, it became more and more evident that
20 Bally was not looking to do any deal on a friendly
21 basis. It was not looking to do any merger deal in
22 any event. Between the poison pill and the purchase
23 of the Golden Nugget -- the purchase of the Golden
24 Nugget was sort of a difficult situation because it
25 would have created the two licenses that I have, plus

1 the additional two licenses.

2 Essentially I would have had four
3 licenses. I decided, you know, at an
4 appropriate time, I decided to sell my
5 stock.

6 Q. Did you have any intent when you
7 acquired the Bally stock other than attempting to do
8 a friendly transaction with Bally, did you have any
9 intent to damage the company in any way?

10 A. Not tall, no.

11 Q. Early in February, did you also
12 become aware of Resorts family and estate intent to
13 potentially sell their B shares?

14 A. Yes, I did.

15 Q. Did that have any effect on how you
16 viewed the Bally transaction in conjunction with the
17 litigation and the four potential casino license
18 problem, four casino license problem?

19 A. It really did because I didn't think Resorts
20 would be selling their stock. I think everybody
21 knows the Resorts' situation. I just didn't believe
22 that Resorts was going to be selling their stock for
23 a while or whatever that time might be.

24 When they in fact did sell their
25 stock or did want to sell their stock, I

1 said, here's a company that can be done on a
2 friendly basis as opposed to an unfriendly
3 basis with perhaps years of litigation.
4 That did have a positive effect on my
5 getting out of Bally and going forward with
6 Resorts.

7 Q. When you purchased Resorts were you
8 aware of their construction of their new facility,
9 the Taj Mahal, and the potential financial problems
10 regarding that and the delays?

11 A. Yes, I am; I was and am.

12 Q. Regardless of that, you intended to
13 acquire the stock and to move ahead with that
14 transaction, if this Commission approves that
15 acquisition?

16 A. That's correct, yes.

17 Q. Have you received Hart-Scott-Rodino
18 clearance for that project?

19 A. Yes, we have.

20 Q. Are you aware, have you become
21 aware of Resorts land holdings in Atlantic City?

22 A. Yes.

23 Q. Have you any point of view
24 regarding what you would like to do, if you're able
25 to obtain Resorts, could you just explain to the

1 Commission, as you've done publicly before.

2 A. Well, it's something we want to study very
3 carefully. It's also something I'm on record with, I
4 can go on record again. We do want to create housing
5 and low and moderate income housing on some of the
6 land. It's something I am committed to and it's
7 something I feel committed to. I think it's
8 something that I'm going to be able to produce.

9 Q. Referring to the Division's report,
10 again. They asked you to address whether or not your
11 two transactions in Holiday and Bally in any way
12 effected the competitive nature of business in
13 Atlantic City Could you address yourself to that,
14 what your point of view is on that, Mr. Trump.

15 A. Well, I think Atlantic City is such a
16 competitive place, to start off with, that frankly
17 these are two companies. I don't know whether or not
18 it was a positive or a negative effect on the
19 company. I don't know that I caused the effect,
20 necessarily. I can say that the companies themselves
21 would say that they're perhaps stronger now. I just
22 don't know. I can't respond to whether or not the
23 companies are stronger. I can only say that Atlantic
24 City is a very competitive place.

25 Q. Is it fair to say that the boards

1 of directors of Holiday Inn and Bally chose to take
2 the actions they did in their fiduciary relationship
3 with
4 their shareholders?

5 A. I believe that's correct.

6 MR. RIBIS: I have no further
7 questions.

8 CHAIRMAN READ: Mr. Vukceovich.

9 MR. VUKCEVICH:: Thank you.

10 CROSS-EXAMINATION

11 BY MR. VUKCEVICH:

12 Q. Prior to the May 16th, 1986
13 redemption of Harrah's Atlantic City's interest in
14 the partnership, could you describe what type of
15 relationship you had with that company, that is,
16 Harrah's?

17 A. A bad one.

18 Q. Could you elaborate on that a
19 little bit?

20 A. I didn't think they were doing a good job in
21 running the facility. I didn't think the facility
22 was being properly run. I had disagreements with
23 them on a lot of different numbers and the results of
24 how the facility was doing. I didn't think they
25 cared very much, it didn't seem to me they did. I

1 did care very much. I was just very unhappy with the
2 cleanliness of the facility. I was very unhappy with
3 the look of the facility. I was very unhappy with
4 the results of the facility. I think we've made
5 tremendous improvements in everyone of those
6 categories since we took it over.

7 Q. Prior to the redemption, what was
8 your role as concerns the Atlantic City casino-hotel
9 as opposed to that of Harrah's Atlantic City?

10 A. Well, I was a partner in the hotel. They
11 were operating the hotel. As a partner, you always
12 have a certain amount of input. The results of the
13 hotel were just not good. They were just not doing
14 well. I think they even admitted this on a couple of
15 occasions that they weren't doing well, but it didn't
16 seem to me that they cared very much.

17 It did seem to me that they were
18 putting the focus on perhaps their other
19 facility. But they didn't seem to be, they
20 didn't seem to be very caring of this
21 facility. It was something that was, you
22 know, I built it and we lived with it and
23 I've worked on it for many years. I didn't
24 like the way the facility looked. I didn't
25 like the way the facility was being

1 maintained. I let them know that.

2 Q. So prior to the redemption, it was
3 their responsibility for the day-to-day operations of
4 the facility?

5 A. That is correct. Yes.

6 Q. What was your relationship with the
7 management of Holiday Corporation like at that time?
8 Here I'm referring directly to the principals, the
9 management people.

10 A. It was like the relationship of a man and
11 wife who desperately seek a divorce. It was not a
12 good relationship.

13 Q. Would that have included Mr. Rose?

14 A. Absolutely.

15 Q. Are you aware of any changes in
16 that management of Holiday prior to the time of the
17 redemption and today or is the management essentially
18 the same?

19 A. The management at the top levels is about
20 the same.

21 Q. Have your views of the management
22 of Holiday changed since the time of the redemption?

23 A. No.

24 Q. After the effective date of the
25 redemption, May 16th of last year, did your business

1 dealings with Harrah's Atlantic City or Holiday come
2 to an abrupt stop or was there some transition period
3 after that date?

4 A. A pretty abrupt stop. There could have been
5 a little -- you perhaps could ask Steve Hyde with
6 who's with us today,, there could have been a little
7 back and forth relationship in terms of the
8 transition itself. I would say pretty much it was
9 abruptly ended and stopped.

10 Q. Was there any cooperation during
11 that transition phase?

12 A. Yes. I would say that the upper management
13 of Atlantic City cooperated with the upper management
14 of my organization. I think the cooperation was
15 fine, once the contract was signed it was fine.

16 Q. At what point in time after the
17 redemption did you first consider the purchase of
18 Holiday stock?

19 A. Well, I had been looking at Holiday and
20 seeing that it was, frankly -- I've -- I had always
21 thought it seemed to be under-valued based on the
22 value of the stock. I can't really say that it was
23 two weeks or two months or whatever. I had watched
24 the stock for a long time and I had just felt it was
25 under-valued.

1 I was surprised, frankly, that in
2 my agreement to purchase, I was a little --
3 perhaps this gets back to the management
4 capabilities -- I was a little bit surprised
5 they didn't put a clause in the contract
6 whereby I would be prohibited from
7 purchasing stock, because I most likely
8 would have signed that clause. Nobody ever
9 asked me about it, so they didn't put it in.

10 Q. In view of what you learned about
11 Holiday and the opinions you formed as a result of
12 your partnership relationship with them, why would
13 you consider the purchase of Holiday stock, knowing
14 the management, as you described it?

15 A. Because I think they had good assets and not
16 good management. That's a great combination. The
17 way I look at it; if the management was changed or
18 could be changed, that stock, I think, would have
19 gone through the roof.

20 I would rather have that than a
21 company with bad assets and good management,
22 where the stock price is high.

23 I thought the stock price was low.
24 I thought there was a lot of room for
25 improvement. I didn't think, perhaps one of

1 the reasons I thought the stock price was
2 low is because, I had this feeling about the
3 management. I felt that with change in,
4 possible change in management -- I don't
5 mean myself, I mean somebody coming in --
6 changes being made or whatever, that stock
7 could go quite a bit higher.

8 Q. Were you aware of any anticipated
9 changes in the management of Holiday?

10 A. I wasn't really aware of changes. I was
11 aware of the assets they had. Primarily I looked
12 upon that as being a company with some very good
13 assets.

14 Q. You indicated, when Mr. Ribis was
15 questioning you today, you purchased the stock as an
16 investment; is that correct?

17 A. Yes, that's correct.

18 Q. What's your understanding of the
19 word, "investment"?

20 A. I purchased this as an investment in assets
21 that I looked at as being good. Again, I wasn't
22 getting into the management. I wasn't thinking in
23 terms of the management. I was thinking in terms of
24 the asset of the stock, I thought they were good, the
25 assets were good, and I thought the stock price was

1 low.

2 Q. Did you have any intentions to take
3 over the company?

4 A. No, I didn't have an intention to take over.
5 I never filed a tender offer. In fact, I told the
6 head of the company that I didn't intend to take over
7 the company, as opposed to I did. I specifically
8 told him this was an investment. I don't know how he
9 reacted to it, perhaps, but I did specifically tell
10 Mike Rose, I believe, that this was an investment in
11 the company.

12 Q. In view of your opinion of
13 management and the fact that you, it was not your
14 intention to take over the company, why did you have
15 a hope that the management of the company would
16 change, what was that based upon?

17 A. Only based on the fact that you had a
18 company that was very much under-valued in my
19 opinion, and so many things have been going on on
20 Wall Street now-a-days, that I just felt that
21 something would happen with this company. I didn't
22 think that the stock value, that the value of the
23 stock was commensurate with the asset value of the
24 stock. I just thought that something would happen.

25 I felt even with the same

1 management that stock should be higher, by
2 the way, even with the same management, it
3 should have been higher. I just felt it was
4 very low at that particular time. I think
5 it's proven to be very low. I felt at that
6 time it was very low.

7 Q. Did you have any inkling whatsoever
8 that there would be a change in management when you
9 made your investment?

10 A. Not particularly, other than what you read
11 in the Wall Street Journal every day, where companies
12 are being taken over that have low stock prices and
13 new management goes in, and in some cases they do a
14 bang up job, and in some cases they don't. In some
15 cases the companies are much better off and in other
16 cases perhaps they are not. The stock price itself
17 was very low.

18 Q. So that the bottom line would be
19 that you considered it a good investment, even though
20 you weren't happy with the management of the company?

21 A. Yes, that's right.

22 Q. When did your first purchase of
23 Holiday stock occur, was that in August?

24 A. I think it was in August, yes.

25 Q. How did you learn about the price

1 to market share relationship as concerns the stock?

2 A. Just my instinct. I really didn't do any
3 great studies on it. I didn't do any great -- I
4 don't believe I hired anybody other than speaking to
5 people and reading newspapers, reading reports,
6 reading Atlantic City reports. I just felt
7 instinctively -- when I do research on things, they
8 never work out very well.

9 I just felt instinctively that it
10 was a low price.

11 Q. What was the amount of your
12 investment in Holiday?

13 A. In the sixties, I guess, 60 million
14 something.

15 Q. So your investment of \$60 million
16 was based upon your instincts as opposed to any
17 research?

18 A. Well, it's not just -- I mean, my instinct
19 perhaps is developed by basic research. It's seeing
20 things, watching things. You learn. I mean, I was
21 involved with this company for a period of time. I
22 knew some of their assets. Perhaps, while I don't, I
23 didn't have any formal research, I had perhaps more
24 research than anybody else just because I was there.
25 I don't know that I can say it was no research. It

1 was more an instinctual thing based upon lots of
2 little things that formed over a period of time. I
3 just said, hey, it seems to be the right price.

4 Q. Would it be correct to say that
5 after your initial purchase, you did a little more
6 research as concerns that acquisition?

7 A. Maybe a little bit more. As I was going up,
8 perhaps I was doing a little bit more. I don't think
9 I did a great amount of research into Holiday, no.

10 Q. Was the relationship that you
11 entered into with Kern also based upon instincts, as
12 you've described them?

13 A. Not all at all. With Kern there were four
14 or five major builders in Australia. I really have
15 to credit Nick Ribis with finding Kern, as a matter
16 of fact, to a large extent, because Nick was over
17 there for close to 10 days, I believe.

18 The people that were bidding on
19 that project, many of the developers were
20 chosen. There were four or five, Kern was
21 one of them. One of the larger developers
22 in Australia. There was civil and civic,
23 and another and another. The fact is that,
24 I came into that particular thing a little
25 bit late. I don't know how

1 enthusiastically, to start off with, but I
2 came into it late, certainly. Kern was
3 there and there were a couple of other
4 choices. It was Nick's opinion, after what
5 I thought was pretty good research -- I
6 don't know if he sent me a bill for it, but
7 I'll let you know, because frankly he told
8 me pretty good things about Kern, and plus
9 our Australian counsel, likewise, told us
10 good things about Kern, plus their record
11 was very good and their listing on the stock
12 exchange was a major one. I felt, I had
13 very little doubt about Kern as a company
14 per se. I also, knew, however, that because
15 of the regulatory process, if there was
16 something wrong with Kern, the government
17 would let us know about it at some point
18 down the road.

19 It wasn't like, you know, a shot
20 that you're married forever. If something
21 were wrong or if something were at all
22 suspect, the government, I imagine, would
23 have let us know about it down the road
24 someplace further on.

25 So I wasn't particularly concerned

1 but, especially after getting the reports
2 from Mr. Fiori, from Nick Ribis and from our
3 counsel in Australia, who -- it is a highly
4 regarded company.

5 Q. When you say that you got into that
6 relationship late, what do you mean by "late"?

7 A. Well, many of the companies that bid on the,
8 on the Australian project had bid previously, when it
9 was, when a company named Hooker and Harrah's
10 received it.

11 And that was withdrawn for whatever
12 reason. The fact is, I wasn't in the
13 initial group. Again, a lot of the
14 companies that originally bid, they were
15 bidding the second time around.

16 I would say even in the second time
17 around I was late because I had to do work
18 that these company's in many cases had
19 already done for the previous bid.

20 So you a late in the process. I
21 felt very comfortable with Kern, knowing,
22 also, that this was not really a marriage,
23 per se. This was something where we agreed
24 to go forward, subject to many different
25 things happening.

1 Q. That would include the
2 investigation of the Australian government?

3 A. That would include the investigation.
4 It would also include signing a formal agreement with
5 Kern. We didn't really evening have a formal
6 agreement per se. If I found something out I didn't
7 like or if we were unable to get along, or whatever,
8 I just wouldn't have signed the formal agreement with
9 them. Because we went into it without really a
10 formal agreement per se, a formal partnership
11 agreement. We hadn't agreed in writing as to fees
12 and various other elements of a partnership

13 Q. You had an informal agreement;
14 correct?

15 A. Yes, we did; yes.

16 Q. In fact, your proposal was
17 submitted to the Australian government under the
18 current Trump syndicate?

19 A. Under the current Trump syndicate, yes.

20 Q. Now, you indicated Mr. Ribis went
21 to Australia for 10 days; correct?

22 A. I believe it was about that time. I'm not
23 sure if it was, but it was about that time.

24 Q. At that time before he went to
25 Australia for that time period, had you made any

1 decision as to your relationship with Kern, or did
2 that come after?

3 A. I think Nick came back with Kern, as I
4 remember it. We needed somebody. They said you
5 needed an Australian partner. We needed somebody
6 with a degree of prestige and competence in the
7 Australian market. I believe Nick came back with
8 Kern. I had not heard of Kern previously.

9 Q. How long after Mr. Ribis came back
10 with the name Kern, did you enter into a formal
11 agreement with that company?

12 A. I don't know. It wasn't that long. It
13 wasn't a matter of hours, but it wasn't that long.
14 He had gotten very good reports over there. He had
15 gotten good press reports and good response from our
16 attorneys over there.

17 Q. As you indicated he had gotten good
18 press reports?

19 A. Yes. There were stories about Kern in
20 newspapers that were favorable.

21 Q. Do you consider newspaper reports
22 to be reliable?

23 A. Not at all.

24 Q. How about -- you're familiar with a
25 News Day report that came out, New York News Day

1 edition of Sunday, March 22nd, which was entitled,
2 "Trump Plays for Keeps"?

3 A. Yes.

4 Q. Do you consider that to be entirely
5 accurate?

6 A. Not at all.

7 Q. In that article, as concerns --
8 there's an article entitled "Trump Brakes a Holiday",
9 and you're quoted in that article by the reporter as
10 saying, "I wiped out the company," referring to
11 Holiday. Is that an accurate quote?

12 A. I don't know if it's an accurate quote or
13 not. I'm not in love with Holiday. I would say it's
14 not as accurate as it was stated. I noticed that
15 quote also, by the way.

16 But, Holiday is a competitor of
17 mine. I don't even know if I was talking
18 about that. I can tell you that the thing
19 that I thought was being referred to, and
20 yet I don't think it was referred to in that
21 story, is the fact that, if you look at
22 what's happened between Trump's Castle and
23 Holiday and how much better we're doing over
24 at the Castle than Holiday, and if you look
25 at the difference in results especially at

1 the table games, I thought what I was
2 referring to, but I don't think it's
3 referred to in that way in that particular
4 News Day account.

5 Q. In that regard, did you make any
6 affirmative statement that you had intended to wipe
7 out or hurt Holiday, which is said in that context at
8 all?

9 A. Again, not that I know of. It wasn't my
10 intention. It could be something was said. It
11 wasn't not my intention; no.

12 Q. Not that I mean to jump around, but
13 getting back to Kern. .

14 Aside from favorable newspaper
15 reports, what were the other factors that
16 were considered before you entered into that
17 relationship?

18 A. The recommendation from our Australian
19 counsel, a highly respected firm, and Mr. John Kehoe,
20 in particular, that it was a qualified and, again, it
21 was a highly respected company, in Australia, and a
22 listed company on the exchange.

23 Q. Aside from giving you that opinion,
24 did he perform any work on your behalf concerning
25 looking into the credentials of return?

1 A. Yes, I believe he did.

2 Q. Did he report to you?

3 A. He reported to Mr. Ribis, who in turn
4 reported to me.

5 Q. What did Mr. Ribis tell you?

6 A. He told me the company is a good company.

7 Q. Was that Australian counsel
8 retained by you prior to the time Mr. Ribis went to
9 Australia or after?

10 A. That was about the same time. I think Mr.
11 Ribis retained the counsel while in Australia. He
12 wanted to find the right firm and the right group.
13 That was, again, a respected firm. I think he did it
14 just about when he was there. That's one of the
15 reasons he went.

16 Q. Can you give us an approximation of
17 how long after the time Mr. Ribis returned from his
18 10-day Australian trip that you made a decision to
19 enter into the relationship with Kern?

20 A. I don't know. I really don't know at this
21 point. I just don't know what it would be.

22 Q. Do you remember when he returned,
23 was it in late December?

24 A. It could be. It was somewhere around the
25 send of the year or the beginning of the year. I

1 don't remember. I just don't remember.

2 It was last year sometime. I just
3 don't know the month.

4 Q. Do you recall if your decision
5 would have been made within weeks or within months of
6 when he returned?

7 A. Could be a few weeks.

8 Q. What were your instructions to Mr.
9 Ribis before he went to Australia as concerns what he
10 should be looking for in a company that you were
11 considering entering into this kind of relationship
12 with?

13 A. Well, it was beyond that, it was whether or
14 not I should even do the deal. Mr. Ribis went there
15 not so much initially looking for a company, but
16 really just with an evaluation of whether or not I
17 should do the deal. It is. It's very difficult when
18 they tell you it's a 26 or 27-hour airplane trip.
19 It's a hard thing to get used to. I figured I would
20 send Nick instead of doing it myself.

21 We would have ended up with a
22 different partner. I don't know. It is a
23 very hard thing to travel in an airplane for
24 27 hours.

25 So it's one of the few bills I

1 didn't criticize from Mr. Ribis, because it
2 is tough. Frankly, he did a good job, as
3 far as I'm concerned. He was over there for
4 quite a period of time. He came back. He
5 said, you should go forward with the
6 venture. He recommended it on a business
7 basis to go forward with the venture, at
8 least submit. I don't know what's going to
9 happen, really.

10 I have found it very difficult to
11 go there because of the time involved. I
12 really, I am somewhat unenthusiastic because
13 of the time involved.

14 Q. Did he report to you on any
15 inquiries that were made to any law enforcement
16 authorities as concerns Kern?

17 A. I don't specifically remember, no.

18 Q. Prior to the time of your initial
19 purchase of Holiday stock in August of last year, did
20 you make, did you ever make any investment in any
21 company where, after learning that you did so, that
22 company instituted or took some measures to prevent
23 you from purchasing additional stock?

24 A. Compared to Holiday? I don't believe so,
25 no.

1 Q. Prior to the time you made that
2 investment in Holiday stock, did you have an
3 understanding of what the term "poison pill" meant?

4 A. Yes.

5 Q. What was your understanding?

6 A. It was an effort by management to make it
7 virtually impossible for companies to invest in
8 another company, to make it economically very
9 difficult to invest in another company, and to create
10 a chain of incentives to make it, again, virtually
11 impossible to buy that company.

12 Q. Would that be because the company
13 would put itself into financial problems?

14 A. No, it was a method of making the company,
15 there are many different forms of poison pills. Some
16 are just the stock price, you know, beyond a certain
17 point when you acquire over a certain amount,
18 everybody sort of doubles up on their stock price.
19 Some were held unconstitutional, many were held
20 unconstitutional. But it's a method used by
21 management to make it unattractive for somebody to
22 come in and purchase large shares of stock.

23 Q. Did you have an understanding that
24 some of those poison pill measures could also cause
25 economic problem for the company that initiates such

1 a measure?

2 A. Well, they can cause difficulty and they can
3 also cause economic gain for management. Sometimes
4 management is basically, you know, can do very well
5 by instituting poison pills in their favor.

6 Q. So it can work both ways?

7 A. Well, that's right. No, it can -- what I'm
8 really referring to, in certain cases, managements
9 can benefit very greatly from this. I don't know if
10 that necessarily means working both ways. It can
11 work both ways, I guess, depending on who's coming in
12 for a company. If the wrong man is going to take
13 over a company, I guess the poison pill is a good
14 thing. If the write person is going to take over the
15 company and do a good job, then I think the company
16 should be. But, you know, where do you
17 differentiate?

18 Q. Based upon your understanding of
19 the term poison pill, prior to the time you purchased
20 Holiday stock, did it every enter your mind that that
21 he might initiate such an action?

22 A. Well, I think -- I might be wrong -- but I
23 think they had a poison pill previous to my entering.
24 I think they had a poison pill previous to my going
25 in there. I'm not even sure they changed their

1 poison pill. They amended it, perhaps. I'm not
2 particularly sure they changed their poison pill.

3 As I understand it, Holiday was
4 very concerned about somebody going in
5 because their stock price was low. I think
6 they had a poison pill, not against Donald
7 Trump, but against anybody going into that
8 company. That was in existence for quite a
9 while. I believe.

10 Q. In asking you that question, I'm
11 not asking you what Holiday actually did or didn't
12 do, I'm asking you, in your mind before you made that
13 investment, as a business decision, did you consider
14 that Holiday might take some action to prevent you
15 from acquiring your stock, did that enter your mind
16 at all?

17 A. I didn't have that much Holiday stock. You
18 know, I don't know why they reacted the way they did.
19 But they reacted, I would say, perhaps they
20 over-reacted. They could have been reacting to other
21 than me. Because I had informed Mike Rose it was an
22 investment. I had looked upon it as an investment in
23 that particular case. I had 4.9 or 4. -- whatever
24 percent of the stock. I thought that, you know, they
25 had a poison pill. They had a poison pill in

1 existence already.

2 Q. To restate my question, it's not
3 what Holiday did or didn't do. The question is,
4 prior to your investment in Holiday, did you at all
5 consider in your mind as a business decision whether
6 or not Holiday might take some action to prevent you
7 from making additional purchases?

8 A. I just don't know. I mean, I might have
9 considered it possible. I just don't know.

10 Q. In connection with the purchase of
11 the stock of Holiday, what financial institution did
12 you deal with to acquire those shares, was it Bear
13 Stearns?

14 A. You mean in terms of the Wall Street
15 institution?

16 Q. Yes, investment banking
17 institution.

18 A. Yes, it was Bear Stearns.

19 Q. How many accounts were opened on
20 your behalf by Bear Stearns?

21 A. I don't know.

22 Q. Do you know if those accounts were
23 in your own name?

24 A. I think one of them was. I'm just not sure.
25 I did a put-call agreement with Bear Stearns, too. I

1 don't know exactly what it was, or how many accounts.

2 Q. Did you discuss the possible
3 purchase of Holiday stock with anyone at Bear
4 Stearns?

5 A. Not a lot. I mean, I said, buy Holiday
6 stock. I don't think I asked for any major
7 recommendations. I could have but I didn't seek too
8 much advice from Bear Stearns. I wanted them to buy
9 the stock, that's all.

10 Q. Before the time that you requested
11 that they purchase the stock on your behalf, did you
12 have any conversation with Mr. Allan Greenberg
13 concerning his ideas about if Holiday was a good
14 investment?

15 A. You know, it's possible, but it's very --
16 it's very possible. Perhaps it's even likely. I
17 just don't remember specifically. Basically, I said,
18 hey, you know, buy Holiday stock. I might have then
19 sat down with him or talked to him over the telephone
20 and said what do you think? What do you think? But
21 for the most part, I said, buy the stock.

22 Q. Who is all Alan Greenberg, please?

23 A. He's the head of Bear Stearns.

24 Q. Do you recall if, aside from asking
25 Mr. Greenberg his opinion, did Mr. Greenberg in fact

1 tell you anything about Holiday?

2 A. I really don't remember. He might have. I
3 just don't remember.

4 Q. Prior to the purchase of that
5 Holiday stock, did you have any discussions with
6 anyone from Holiday concerning your anticipated
7 purchase of the stock?

8 A. I don't remember. It's possible. I don't
9 remember.

10 Q. Who would you have had such a
11 conversation with?

12 A. I don't know.

13 Q. I believe on direct examination,
14 you indicated that during the period or time you did
15 in fact hold Holiday stock, you did have a
16 conversation with Mr. Rose?

17 A. Yes, sometime during the period. I don't
18 know exactly when, but I called Mike Rose to say that
19 I was investing and that I was an investor.

20 Q. At the time that you were partners
21 with Holiday, your relationship with Mr. Rose was a
22 little stormy, would that be correct?

23 A. Yes.

24 Q. Why would you call him and tell him
25 that?

1 A. Because I just felt that I had somewhat of a
2 moral obligation to do so. I was a fairly big
3 stockholder in the company. I didn't think it hurt
4 to call him and just to tell him that. And I did
5 tell him that.

6 I think -- I would have assumed I
7 put him at ease as opposed to doing the
8 opposite because I said -- I didn't say, I'm
9 going after the company, et cetera, et
10 cetera. I said, I'm an investor in the
11 company and I intend to be an investor.

12 Q. What was his reaction?

13 A. Well, I mean, hey, he said, well that's -- I
14 guess he said something like, that's wonderful. I
15 don't know if he was particularly thrilled with it.
16 But he said, fine.

17 Q. Was that face to face or telephone?

18 A. Telephone.

19 Q. Was there a face-to-face meeting
20 also with Mr. Rose?

21 A. Not that I remember.

22 Q. Did you have any other discussions
23 with Mr. Rose besides that one telephone
24 conversation?

25 A. I don't know. I don't remember. Could have

1 been another telephone conversation or something
2 later. I don't remember specifically.

3 Q. During that conversation, was there
4 any discussion concerning the possible repurchase of
5 those shares by Holiday, did that come up at all?

6 A. No, not that I remember; not at all. I sold
7 that stock on the open market.

8 Q. Why do you consider that
9 significant?

10 A. You're asking me whether or not I had a
11 conversation where I asked him about repurchasing the
12 stock. I don't think it ever came up. I think that,
13 you know, my stock was sold on the open market. It
14 wasn't sold back to Holiday, it was sold back on the
15 open market.

16 Q. Before this purchase of Holiday
17 stock, did you ever own any stock in Holiday
18 Corporation previously?

19 A. I don't believe so, no.

20 Q. Your conversation with Mr. Rose,
21 did that occur before or after your filing with the
22 Nevada gaming authority for suitability?

23 A. I'm sorry, I don't know.

24 Q. Why did you make that filing with
25 Nevada?

1 A. As a fairly large stockholder in a company
2 that was doing business in Nevada, I was told that I
3 should make the filing.

4 Q. What's the status of that filing in
5 Nevada?

6 A. That's been withdrawn.

7 Q. Was that in light of the
8 application regarding Bally?

9 A. Well, it was withdrawn and resubmitted for
10 Bally and withdrawn.

11 Q. That withdraw was recent?

12 A. I believe it was withdrawn. I don't know.
13 I think it was withdrawn, I way. I better be a
14 little bit less sure of myself. I think it was
15 withdrawn. I think they were both withdrawn.

16 Q. Did you have any conversations
17 other than with Mr. Rose concerning the Holiday stock
18 transactions that you have engaged in, any other
19 conversations?

20 A. Gee, I don't know. I guess I spoke to
21 people, Mr. Freeman, et cetera, but generally I don't
22 think I -- it wasn't that big of a thing in terms of
23 a transaction.

24 Q. Were there any conversations with
25 anyone from Holiday other than Mr. Rose?

1 A. I don't remember. I might have, it's
2 possible, I just don't remember.

3 Q. Would it be correct to say that you
4 held the Holiday stock for a relatively short period
5 of time?

6 A. Pretty short period of time; yes.

7 Q. In fact, it was sold in November of
8 1986; correct?

9 A. Yes.

10 Q. Did you have any reason to believe
11 at that point in time that the stock would not rise
12 further than it did?

13 A. Well, I guess we sold, starting at about 81
14 or 80, something like that. I didn't know if the
15 stock was going to rise or not. I didn't
16 particularly agree with what they did. I didn't --
17 when the announcement came out they were going to
18 issue a \$65 a share dividend, and I had paid in the
19 fifties or so for the stock, or whatever it was, I
20 don't remember the exact number, now all of a sudden
21 I'm getting a dividend bigger than the price I paid
22 for the entire stock, and that obviously when the
23 stock is going to issue a \$65 a share dividend, the
24 stock price goes through the roof, when the
25 management was going to take back 10 percent of the

1 stock for themselves, which I didn't think they had
2 any real right to do, is and various other elements,
3 I said, "Sell. Sell." I had no interest in going
4 through years of litigation and everything else in
5 order to try and prove a point possibly.

6 The fact is that the stock went to
7 81. I said sell.

8 Q. You mentioned the \$65 dividend per
9 share. If you would have kept your investment,
10 wouldn't that mean, as you explained, that the price
11 of your stock would have skyrocketed?

12 A. The price of the stock skyrocketed just
13 based on the announcement. I don't think the price
14 has been any higher after the dividend was actually
15 done. The price of the stock, it went up just about
16 on a full basis, and that was months ago. So, I
17 mean, you could be right in theory, it could be,
18 after the deal was a concluded deal, perhaps the
19 stock would have gone higher, but I don't believe it
20 has.

21 Q. So it would it be correct to say
22 that the main factor that caused you to sell your
23 stock was the actions on the part of Holiday, as
24 you've described?

25 A. The fact that the stock went to 81 and

1 caused by the actions of the management, yes.

2 Q. So it would be those two factors?

3 A. Yes. Well, the primary reason I agreed to
4 sell was because the stock went to 81. What
5 management did at that point, I was out of the
6 company. So it was up to them. I hope they do well.
7 The fact is, the stock went to 81.

8 Q. Is it your opinion that your
9 actions as concerns the purchase of Holiday stock
10 influenced Holiday's action in terms of restructuring
11 and recapitalizing?

12 A. I really don't know. I mean, it's possible
13 that it did, to be perfectly honest, it's very
14 possible, but I don't know. The management itself
15 would have to say. I did tell management that I was
16 an investor in the company. They should have
17 understood that was what I was. Perhaps it did have
18 an influence, I don't know.

19 Q. What makes you believe that they
20 didn't understand what you were saying?

21 A. I don't know that they did or they
22 didn't. You're asking me two questions. I would say
23 the fact that they did it, may have been the result
24 of the fact that I was involved, an investor in the
25 company, and it may not have. If it weren't me, it

1 would have been somebody else, in my opinion, because
2 of the asset value of the company and because of the
3 management. I don't believe management wanted to
4 take a chance, whether it was Trump or somebody else,
5 I don't believe management wanted to take a chance
6 that they might be out looking around for jobs,
7 frankly.

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1 Q. In view of your sizeable investment and your
2 opinions concerning the management of Holiday, what
3 do you attribute the fact that your actual
4 stockholdings increased in value, what was the reason
5 for that increase in value, do you have any idea?

6 A. Well, the fact that Holiday restructured the
7 company, was the reason it went up that much that
8 quickly.

9 Q. Do you think that the restructuring
10 was good or bad for Holiday?

11 A. Well, I don't know. I mean, it's -- I'm not
12 a stockholder in Holiday. I haven't followed Holiday
13 in the last number of months. I really don't know.
14 I don't think it was. I'll be honest, I don't think
15 it was appropriate that management takes back or gets
16 a percentage of the company for the job they are
17 doing.

18 I think if Lee Iaccoca gets a
19 percentage of the company, I think that's
20 great, because he saved Chrysler. I don't
21 think this particular management deserves to
22 get 10 percent of the company, and I so
23 stated it at the time.

24 Q. Was your purchase of Holiday's
25 stock in any manner a reaction or based upon your

1 prior partnership relationship with Harrah's,
2 Atlantic City?

3 A. I don't think so. I think I just got to
4 know the fact that the stock was priced low, and I
5 think it was just a purchase in a stock that I
6 considered to be under valued.

7 Q. Did you achieve your goals in
8 purchasing Holiday's stock?

9 A. Well , if you consider making a profit on
10 the stock, you know, a goal, I guess I achieved it.
11 I don't consider that a particularly important goal,
12 what I did with Holiday as far as the stock is
13 concerned, et cetera, et cetera.

14 The fact is, the stock went up, so
15 I, you know ... I would have rather found a
16 cure for cancer, but I didn't, so I have no
17 choice, so I made some money on the stock.

18 Q. Getting back to Kern, from either
19 your Australian counsel, New Jersey counsel or anyone
20 else, before you made your decision that you were
21 going to enter into that informal syndicate
22 relationship with Kern, did you receive any written
23 reports?

24 A. Well, I received papers and memoranda from
25 Nick Ribis about Kern. I mean, again, everything was

1 very favorable. That's why I'm a little surprised
2 this was brought up today, because Kern is a very
3 highly thought of company; as I understand it. Maybe
4 I'm wrong. I wish I could do an indepth
5 investigation of everybody that I ever even speak to,
6 but it's, you know, I thought I did a good study of
7 this particular company. I had, I had my lawyer here
8 and I had a lawyer in Australia and I had a top
9 executive over at the Castle who went literally over
10 to Australia and was there for a week and Nick was
11 there for almost 10 days. I thought I did a pretty
12 deep study of the company. Knowing that wasn't the
13 final decision, in any event. I always had an option
14 of getting out, if I wanted to.

15 Q. The materials that actually crossed
16 your desk regarding Kern, were they of the nature of
17 newspaper articles, public documents, corporate
18 filings, or were they sort of investigative bare
19 bones looking into the company?

20 A. I think it was really a recommendation of
21 Nick. I don't know if it crossed my desk. I
22 remember seeing some basic things. I was more
23 interested in verbal. Nick had just given me a good
24 recommendation of the company itself.

25 Q. In terms of any future dealings

1 with gaming-related entities, do you have any plans
2 as to how you would look into the credentials of
3 those companies? Would you rely on the same
4 procedures that were used regarding Kern or would
5 they be stepped up a little bit?

6 A. Well, I'll step them up -- see, I didn't
7 realize this would become, you know, a point of
8 contention. I'll step them up. I'm not sure they'll
9 be any such partnerships formed. In Australia you
10 needed really an Australian company. In this country
11 it would be unlikely that I would want to form a
12 partnership per se with a gaming-related company.

13 Q. Did you consider any other
14 companies besides Kern?

15 A. We looked at about three of them, but they
16 were already into consortiums that were bidding. We
17 looked at two or three of them. Again, I was late in
18 the process and many of these people had their
19 consortiums initially.

20 Q. Because of the lateness of you
21 getting into the process, was there any urgency and
22 deadlines in terms of you having to make your
23 proposals?

24 A. I don't think any tremendous, not from the
25 standpoint I would make an irrational decision and go

1 in with a company that's bad. No, if that's what
2 you're asking, no.

3 Q. There were some time pressures?

4 A. I would say we were probably last on line in
5 terms of time, yes. We weren't in the process
6 previously.

7 Q. Did you personally read any
8 newspaper articles concerning Kern?

9 A. I saw a couple of articles that were, you
10 know, newspaper accounts, in the business section of
11 an Australian newspaper that talked about Kern in
12 some form -- I forget, it was quite a while ago, but
13 it was fine. It was a normal public company that was
14 doing something. I think it was their financial
15 reports. It was just a little article, but it was
16 fine.

17 Q. As concerns your purchase of the
18 stock of Bally Manufacturing company, at what point
19 in time did you first consider that purchase?

20 A. Sometime after I sold Holiday Inn.

21 Q. Did you consider the purchase of
22 Bally stock at the time you actually held Holiday
23 stock?

24 A. I don't know. It's possible that maybe it
25 could have coincided, but I don't think so. I think

1 for the most part it was -- probably not. I don't
2 know. I purchased Bally very quickly after I sold
3 Holiday Inn. There would have been an overlap in
4 terms of the mental process. I don't really think
5 so, not too much.

6 Q. Do you recall if you started
7 purchasing Bally's stock before you fully divested
8 yourself of Holiday stock?

9 A. No, I think I was fully divested of it.

10 Q. Are you sure about that?

11 A. I'm not sure but I think so.

12 Q. What factors caused you to focus
13 your attention on Bally?

14 A. Again, I thought it was an under-valued
15 company.

16 Q. So, it would be the same general
17 considerations as concerned your decision to purchase
18 Holiday?

19 A. In terms of the purchase, yes.

20 Q. How did you learn or come to the
21 view that Bally was also under valued?

22 A. I spoke with people, I tend to speak to
23 stock analysts and things, and I spoke to one from
24 Drexel, a respected analyst, who most of you probably
25 know, named Dan Lee. And Dan Lee, over the course of

1 quite a while, was sort of telling me that Bally
2 seemed to be under valued. I don't know if,
3 specifically, if this specifically influenced me in
4 the sense of go out and just buy, but it seemed to me
5 to be low.

6 Dan Lee thought it was low. And so
7 I purchased Bally's stock.

8 Q. Isn't it a fact that, in addition
9 to other funds, you used your profits from the
10 Holiday stock transactions?

11 A. Yes, it's possible. I think it's correct.
12 Yes.

13 Q. Was it your intention at the time
14 that you first decided to invest in Holiday to use
15 any profits therefrom, was it your intention at the
16 time you first decided to purchase Holiday stock to
17 use any profits therefrom to attempt to invest in
18 Bally?

19 A. Well, I wish I could have that great a grand
20 scheme of things. I wish I would have known I was
21 going to make profit in Holiday. I didn't know --
22 the fact you invest in the stock market, doesn't
23 guarantee you're going to make profits in it.

24 At the early stages of Holiday, I
25 didn't think in terms of Bally. It's

1 possible that at the end maybe there was a
2 little bit of a mental overlap or something.
3 No, I would not have thought that way. I
4 don't think I think that positively, to tell
5 you the truth.

6 Q. Based upon your business experience
7 and especially in view of the actions that were taken
8 by Holiday, during the period of time that you
9 acquired that stock, did you envision prior to, prior
10 to your time of purchase of Bally that, Bally might
11 initiate some type of poison pill measure?

12 A. I really didn't know. I'm sorry, I really
13 didn't know.

14 It's very standard, if you follow
15 business, it's very standard. I really
16 didn't know.

17 Q. Did you consider that as a
18 possibility?

19 A. Sure. I mean, I assumed perhaps that would
20 happen. I didn't know, though.

21 Q. Did you discuss that with anyone?

22 A. Well, I mean, the Bally is a little bit
23 different situation than Holiday. I met with Mr.
24 Mullane sometime after -- I think I had 9.6 or
25 something, 9.9 percent of Bally. I met with Mr.

1 Mullane for breakfast sometime after I made the
2 purchase or a significant purchase. I asked Mr.
3 Mullane whether or not he would be interested in
4 doing a friendly merger, different from Holiday where
5 I didn't discuss that with Mike Rose.

6 Mr. Mullane's response was
7 basically no, which was surprising, in that
8 he never asked me even what stock price I
9 was talking about. I did ask Mr. Mullane
10 whether or not he would be willing to do a
11 friendly merger, and he -- he actually
12 didn't say no, he sued me, which was even
13 more interesting. I don't believe I ever
14 got a formal answer. Instead I got sued.
15 Then I'll be accused of being litigious, ...
16 he did sue at some point down the road. I
17 don't exactly know when.

18 Q. Prior to your initial purchase of
19 Bally stock, did you have any conversation or any
20 discussion with any of Bally's management concerning
21 that company?

22 A. I don't remember having any, no.

23 Q. With any employees of Bally?

24 A. I don't remember having any, no.

25 Q. Did you have any discussion with

1 anyone at Bear Stearns concerning your desire or
2 thought to purchase Bally stock?

3 A. I don't remember having any, no; other than
4 purchasing. I mean, I made a phone call. I said,
5 purchase Bally's stock. Other and than that, I mean,
6 I didn't have any great indepth conversations, that I
7 remember.

8 Q. Did anyone at Bear Stearns ever
9 recommend to you that you purchase Bally stock?

10 A. Well, they have also a very good stock
11 analyst. He may have but I don't remember it. They
12 have a man at Bear Stearns who's a good analyst,
13 also. I don't know whether or not he was
14 recommending the Bally stock or not.

15 Q. What's his name?

16 A. His name is Steve Isenberg.

17 Q. Do you recall having a conversation
18 regarding Bally's, before you purchased it, with Mr.
19 Lee?

20 A. Mr. Lee was actually the man I remember that
21 was touting the stock.

22 Q. He's an employee of Drexel Bernham
23 Lambert?

24 A. He's a stock analyst or something with
25 Drexel. He specializes in casino stocks and hotel

1 stocks.

2 Q. Did you know him before you entered
3 the casino-related business?

4 A. Before I entered casino? I don't believe
5 so, no.

6 Q. Did Drexel Bernham ever do any work
7 for you?

8 A. I don't believe so, no.

9 Q. Why did you decide to purchase the
10 Bally stock through Bear Stearns as opposed to Drexel
11 Bernham Lambert considering that Mr. Lee, who's
12 employed by Drexel Bernham Lambert, gave you that
13 advice?

14 A. Because they have been very loyal to me.
15 When I had bond issues to do, they have been --, you
16 know, I don't consider a phone conversation to be a
17 great act of loyalty. Bear Stearns is a very highly
18 respected outfit and an outfit that has done a nice
19 job for me, as some of the folks in the room know.
20 They have committed to do things for me and they have
21 performed, as you also know, a lot of other Wall
22 Street outfits have committed to do things for
23 people and they have not been able to perform, and
24 therefore you have a lot of vacant land in Atlantic
25 City. Bear Stearns has been very loyal and very

1 good. I always feel they sort of have a moral right
2 of first refusal on what I do.

3 Q. Was Mr. Lee at all upset of the
4 fact that you went through Bear Stearns instead of
5 Drexel Bernham Lambert?

6 A. I don't think particularly. I don't know,
7 you would have to ask him. I don't think he was
8 particularly upset. There was also a situation, I
9 think, where he wasn't sure if he could do it. He
10 was recommending the stock as a stock analyst but
11 they weren't sure whether or not they could represent
12 anybody beyond that because of the fact that I think
13 they were responsible for selling the M.G.M. Hotel or
14 something like that to Bally. He wasn't sure he
15 could do it anyway, I don't believe. I'm not sure if
16 that was one of the other reasons.

17 Q. I'm going to show you what's been
18 marked as exhibit D-4. I ask you to look that over.
19 If after you do so, indicate whether you recognize
20 that as the Schedule 13-D that was filed with the
21 S.E.C. regarding Bally.

22 (Handing to witness.)

23 (Brief Pause.)

24 A. Yes.

25 Q. In that filing you indicated at

1 that point in time you beneficially owned
2 approximately 9.6 percent of Bally common stock;
3 correct?

4 A. I believe so, yes.

5 Q. Referring you to Page 5 of that
6 Schedule 13-D, and in particular the last paragraph,
7 could you read what was stated as to your intentions
8 concerning the future acquisition of Bally stock.

9 A. Which, the last sentence or the entire last
10 paragraph?

11 Q. The last paragraph, please.

12 A. You want me to read it?

13 Q. Yes, please.

14 A. "Purpose of Transaction: Mr. Trump
15 purchased the 764,700 shares of common stock and
16 entered into a put and call agreement for the purpose
17 of making a significant investment in the company."

18 Q. Were they your words or were they
19 the words of someone else, that appear on that paper?

20 A. Well, I think they were my thoughts. I
21 assume they were a lawyer's words, but they were my
22 thoughts. Yes, they were my thoughts. I didn't draw
23 this document but that was correct.

24 Q. And the next paragraph reads,
25 "Whether Mr. Trump will increase or decrease his

1 holdings of common stock of the company and the
2 extent to which he does so will depend upon, among
3 other factors; one, the company's business and
4 prospects; two, the position of the board of
5 directors and management of company; three, other
6 business opportunities available to Mr. Trump and the
7 Trump organization; and prevailing general economic
8 and stock market conditions and the receipt of
9 appropriate regulatory consents." Correct?

10 A. Yes.

11 Q. Were those stocks also your own?

12 A. Yes.

13 Q. What were the other factors that
14 were referred to but not listed in that Schedule 13-D
15 as would determine whether or not you purchased
16 additional shares of Bally?

17 A. Prevailing general economic and stock market
18 conditions.

19 Q. That would be the language, "other
20 factors"?

21 A. It says here, "Other business
22 opportunities."

23 Q. "Whether Mr. Trump will increase or
24 decrease his holdings of common stock of the company
25 and the extent to which he does will depend, among

1 other factors, that he continues the company's
2 business and prospects of the business of the board
3 of directors."

4 A. I think it was basically my attitude. I
5 think another factor would be my attitude.

6 Again, I saw Mr. Mullane -- I'm not
7 sure exactly when -- but I saw Mr. Mullane.
8 Mr. Mullane's attitude, I assume, was that
9 he didn't want to sell or he didn't want to
10 do a friendly deal -- "among other factors"
11 would be my own attitude.

12 Maybe I wouldn't feel like doing
13 it, maybe I would. I don't know. But that
14 would be one of the other factors.

15 Q. One of the factors listed which was
16 just read concerns Bally's business prospects. What
17 does that particular phrase mean, the extent of that?

18 A. Well, the business opportunities and the
19 business prospects of Bally would, perhaps, after a
20 month, I would see that Bally is, has lost all its
21 lottery business. It had difficulties in Atlantic
22 City. I mean, there are a lot of things that can
23 happen to a company that would maybe make you change
24 your mind. I assume that's what that means, just
25 changes in business.

1 Q. Did you evaluate Bally's business
2 prospects before you made your initial investment in
3 the company?

4 A. Well, basically. Again, not in any great
5 depth. I felt that the stock was not highly priced.
6 I felt the stock was under valued. I didn't go into
7 great depth, but I felt it was a company that had an
8 under-valued stock price.

9 Q. Another of the factors listed in
10 the Schedule 13-D as concerns your future intention,
11 is the position of Bally's board of directors and the
12 position of Bally's management. What is meant by
13 that phraseology?

14 A. Where is that?

15 Q. That's in the paragraph that was
16 just read, the last paragraph on Page 5.

17 A. The last paragraph.

18 (Brief pause.)

19 A. Well, the position of the board of directors
20 and the Bally management if, I mean, obviously as an
21 example, if they went out and bought Golden Nugget
22 and they created an extra license which would make it
23 virtually. virtually impossible for me to, at best
24 difficult, and conceivably impossible for me to have
25 gone after the company. So that the position of the

1 board of directors -- there are some board of
2 directors that are willing to do friendly deals and
3 there are other board of directors, no matter what
4 the stock price, it's irrelevant, no the matter what
5 the stock price, they are not willing to do deals
6 that are friendly and, you know, so that the position
7 of the board of directors, if I saw a very nasty
8 board of directors that literally wanted to hurt the
9 company at all costs, it wouldn't matter. I would
10 not want to put myself or necessarily the company in
11 that position. So it was the attitude and the
12 position of the board of directors. It's a very
13 important factor.

14 Q. One of the other factors listed in
15 that paragraph is, "Other business opportunities
16 available to you and the Trump organization."

17 A. That's correct.

18 Q. What was meant by that?

19 A. If something else should happen to come
20 along during the time I was talking about this, I
21 would always want to be free to change my mind and
22 forget this. In a sense that happened.

23 When Resorts came along, it made
24 the decision on Bally much easier. Resorts
25 was a company that wanted to do a friendly

1 deal. This was toward the end of this whole
2 Bally transaction. Resorts wanted to do a
3 friendly deal. That's what I mean by "Other
4 business opportunities available to Mr.
5 Trump."

6 Q. So Resorts would fit into that
7 category as an arising business opportunity?

8 A. Sure, sure. There are other things that
9 could fit in there. Who knows? You do things in New
10 York. You do things in New Jersey. You do things
11 elsewhere. "Other business opportunities."

12 Resorts, I think, was a very
13 appropriate example. I think it fits into
14 that paragraph perfectly. It was an
15 opportunity that I had that I could do on a
16 friendly basis without having to go through
17 the wars.

18 Q. At Page 6 of that Schedule 13-D, I
19 believe it refers to the meeting you had with Mr.
20 Mullane; correct?

21 A. Yes.

22 Q. How did that meeting get set up?

23 A. Well, Mr. Greenberg, Alan Greenberg is
24 somehow familiar with Mr. Mullane or knows him or is
25 friends with him, whatever. Either he or I or

1 whatever suggested that I meet with Mr. Mullane and
2 discuss the possibility of a friendly transaction.

3 We had that meeting. We had a
4 breakfast meeting at the St. Regis Hotel in
5 New York. I made a presentation to Mr.
6 Mullane about the possibility of doing a
7 friendly transaction. There was no real,
8 there was no real -- I can't say enthusiasm.
9 I didn't know what the outcome of it was.
10 He said he would get back to us. They did
11 get back to us, as I remember. I don't
12 believe he got back. Somebody else got back
13 and said they are really not interested.

14 Q. Who did they get back to, you
15 directly?

16 A. I believe they called Mr. Greenberg. He got
17 back to me.

18 Q. What was the proposal that Mr. --
19 Mr. Greenberg got back to you?

20 A. Mr. Greenberg got back to me.

21 Q. And somebody from Bally called Mr.
22 Greenberg?

23 A. I believe so, yes.

24 Q. What was the proposal that you
25 actually set forth to Mr. Mullane at that breakfast

1 meeting?

2 A. I suggested taking the company private at a
3 to be agreed upon stock price. Mr. Mullane, Mr.
4 Mullane -- actually I felt we did quite well at the
5 breakfast. If I were a betting man, which I'm not --
6 you can't be a betting man in the casino business --
7 if I were a betting man, I would have said that the
8 chances were better than 50/50 that something could
9 have worked out.

10 In retrospect, I was surprised. I
11 didn't think of it at the time, I was
12 surprised that he never asked me how much
13 price. And I was surprised that they could
14 reject an offer without having even known
15 the price, but they did. They -- I would
16 have said that the chances were better than
17 50/50, that he would have wanted to continue
18 discussions, because I really felt it made
19 sense, taking that company private.

20 But he obviously didn't agree with
21 me. They got back in a negative sense to
22 Mr. Greenberg, who in turn got back to me.

23 Q. Were there any other matters
24 discussed at that breakfast meeting with Mr. Mullane?

25 A. I don't think so. I mean, other than the

1 niceties of life, I don't believe so.

2 Q. Did you have any telephone
3 conversation with Mr. Mullane before you actually had
4 that breakfast meeting?

5 A. I think I had a very short conversation. He
6 and Mr. Greenberg were together on something. I
7 don't even know what. It could have been this but it
8 was something. And all -- I think Alan said, say
9 hello to Bob Mullane, you guys are going to see each
10 other for breakfast. I believe that conversation
11 took place. It was a nothing conversation, just that
12 we were going to be meeting in a couple of days for
13 breakfast.

14 Q. How did you know Mr. Greenberg was
15 with him, was there a speaker phone type
16 conversation?

17 A. No, I think they handed him the phone or
18 something. They were together in some form. Again,
19 they were friendly or friends, whatever. I don't
20 know if they still are. They were friendly. He just
21 said, you're going to be meeting for breakfast. And
22 say hello. Prior to the meeting I said hello. And
23 then we had the meeting.

24 Q. Did you have any reason to believe
25 that Mr. Mullane and Mr. Greenberg wouldn't be

1 friendly at this time?

2 A. No.

3 A. No. I don't think I have any reason to
4 believe that, no.

5 Q. After the filing of that initial
6 Schedule 13-D, you increase your holdings in Bally;
7 correct?

8 A. I think I went from 9.6. Then they sued me.
9 Then I went from 9.6 to 9.9.

10 Q. Why did you stop at 9.9?

11 A. Because I would have had certain regulatory
12 problems if I went above that above that amount. I
13 think it had had something to do with the filings in
14 Nevada and certain licensing requirements in Nevada,
15 that you're looked upon differently as a less than 10
16 percent stockholder than you would be as an over 10
17 percent stockholder, or something. I don't know
18 specifically.

19 There was a reason at the time.

20 Q. Was there any change in the Bally
21 management or the Bally business prospects that
22 caused you to increase your holding?

23 A. No. I just thought it would be appropriate,
24 in that they sued me, I figured I would buy some more
25 stock.

1 Q. That was a reaction to the lawsuit?

2 A. No. I think 9.9 was a number I looked to
3 get up to. They did sue me. They brought a suit. I
4 just thought I would increase my stock a little bit.
5 I brought my stock up to 9.9, which was that number
6 that I was looking to get at. They sued, and I, as I
7 remember it, I brought it up to 9.9 after the
8 lawsuit. I think I did, I don't know.

9 Q. How did you feel Bally would react
10 when they learned your holdings went up from 9.6 to
11 9.9 percent?

12 A. I don't really know. I didn't think it was
13 a significant difference, frankly.

14 Q. Did you do that as a reaction to
15 the lawsuit?

16 A. I hope not. To be perfectly honest, I felt
17 it was inappropriate for them to sue me. I was
18 buying stock in the company and I get sued before I
19 even -- I never did anything. I didn't announce a
20 tender. I'm not saying I wouldn't have in this
21 particular case, okay? But I didn't announce a
22 tender. I said to somebody that I have to be one of
23 the few people in the world that ever bought stock in
24 a New York Stock Exchange company and got sued over
25 it. I didn't think it was appropriate in their

1 behalf. They sued me for buying stock in the
2 company, which I thought was highly inappropriate.

3 So I would like to say no. I can't
4 answer that question with total clarity, but
5 I would like to say no. But in any event
6 9.9 was the number that I was, I went to,
7 and it was sort of the number that I was
8 going to go to for a period of time.

9 Q. Before you actually increased your
10 holdings to 9.6 percent of the companies outstanding
11 shares to 9.9 percent, did you advise anyone at Bally
12 that you intended to do so?

13 A. I don't know. I don't think so. I might
14 have but I don't think so.

15 Q. Did you report that increase of
16 beneficial ownership to the Securities and Exchange
17 Commission?

18 A. I assume so. Yes.

19 Q. Your attorneys would have handled
20 that for you?

21 A. Yes, correct.

22 Q. Were there additional discussions
23 with Bally concerning the purchase of of the shares
24 that you held?

25 A. Well, initially, they wanted to buy my

1 shares, as I understand it. They went to Mr.
2 Greenberg and they wanted to buy my shares. And the
3 essential thing is it didn't work out. I think they
4 were talking about 28 and a half dollars, or
5 something thereabouts. That was initially. That was
6 almost right after I bought the shares. And I wasn't
7 particularly interested.

8 The shares, I think they were
9 talking about 28 and a half dollars. And
10 essentially it was in cash and notes and
11 preferred stock and various other things.

12 Q. Let me show you what's been marked
13 as D-5 in evidence.

14 (Handing to witness.)

15 Do you recognize that as the
16 amended Schedule 13-D?

17 A. Yes, I believe it is.

18 Q. Referring you specifically to Page
19 5.

20 Does that "negotiations" that you
21 just discussed, does that accurately appear
22 in the S.E.C. file?

23 (Brief Pause.)

24 THE WITNESS: Can I read the entire
25 thing?

1 MR. VUKCEVICH: Sure, go ahead, if
2 you like.

3 A. Yes. That's what I was referring to; yes.

4 Q. That's Pages 5 and 6 of that
5 filing?

6 A. Pages 5 and 6 of the S.E.C. filing. Yes.

7 Q. Did you actually engage in those
8 negotiations with Bally concerning the \$28.50 a
9 share?

10 A. No I didn't. Bally had discussed with Mr.
11 Greenberg the possibility of buying my shares. I
12 ultimately terminated the conversations. This was
13 very early. In fact, it would have been a, you know,
14 from any standpoint, it would have been a quite
15 profitable transaction. I terminated the talks with
16 Mr. Greenberg. This was the early discussion that
17 they had with him.

18 Q. Why did you elect to do that?

19 A. Because I didn't, I really wanted to see if
20 a friendly deal could be worked out. I thought that
21 the company had prospects that were pretty good. It
22 just was not of great importance to me at the time.
23 I thought something might be able to be worked out on
24 the whole as a possibility, as another possibility.

25 Q. Who proposed a possible price of

1 \$28.50, was that Mr. Greenberg or was that somebody
2 from Bally?

3 A. I think it was Bally proposing it to Mr.
4 Greenberg. Again, they knew Mr. Greenberg, respected
5 Mr. Greenberg a lot, as everybody else does, frankly,
6 and I believe it was Bally proposing it.

7 He called me. He told me that they
8 were talking about all cash. Then they
9 broke that and they started talking about
10 cash and notes and preferred stock and all.
11 I just said forget it; just tell him to
12 forget about it.

13 Q. Did you have any discussions with
14 Mr. Greenberg prior to those negotiations with Bally
15 concerning what kind of price you were looking for?

16 A. Prior to these?

17 Q. Yes, sir.

18 A. I don't think so. I was a little bit
19 surprised at the offer because I had not been in the
20 deal very long at this point, and I was a little bit
21 surprised at the offer.

22 I mean, in retrospect, I probably
23 should have taken that offer because it was
24 more money and a lot easier in terms of than
25 what I went through. I wanted to, ideally,

1 if it was possible, to work out a friendly
2 deal, or whatever. In retrospect, perhaps I
3 should have taken this offer because it was
4 ultimately, I think it probably averaged out
5 to more money than I ended up getting after
6 going through months of fighting back and
7 forth.

8 Q. At Page 6 of that Schedule 13-D
9 amended filing, the last sentence of the first
10 paragraph reads, "On December 4th, 1986, Mr. Trump
11 terminated the discussions concerning the proposed
12 repurchase because he did not believe that the
13 company had been negotiating with him in good faith."

14 What are the particular events that
15 led you to arrive at that conclusion?

16 A. I didn't think the company was serious. I
17 didn't think that they -- I personally thought they
18 were just trying to buy time for whatever. I
19 believe, and I may have the events, you know, a
20 little mixed up.

21 I couldn't believe that the company
22 was serious about offering somebody that was
23 just in there \$28.50. I thought they were
24 trying to buy time for something. I didn't
25 know what.

1 It turned out that shortly
2 therafter we got sued, I believe, and there
3 are those that think they were just
4 negotiating not necessarily in good faith
5 but were negotiating to buy time, so that
6 they could sue me. It takes a period of
7 time to write up a lawsuit.

8 I believe that's what that
9 particular sentence means.

10 Q. As concerns your purchase of Bally
11 stock, you also made a filing with the State of
12 Nevada; correct?

13 A. Yes.

14 Q. Was that an amended filing to your
15 Holiday?

16 A. I don't know if it was. It's possible. It
17 was either an amended or a new filing. I don't know.

18 Q. Did you have Nevada counsel to help
19 you in regard to that?

20 A. Yes.

21 Q. What was the reason you filed with
22 the State of Nevada regarding Bally?

23 A. Because, again, I had a substantial portion
24 of the stock, 9.9, 9.6 to 9.9 percent of the stock.
25 And I believe I had a legal responsibility to file.

1 Q. Did your filing with the State of
2 Nevada have any relationship to the breakdown in
3 negotiations with Bally as reflected in this Schedule
4 13-D?

5 A. I don't believe so, no. I had no choice. I
6 don't believe I had a choice. I think I had to file
7 with Nevada.

8 Q. The amended Schedule D, which is
9 D.G.E. Exhibit Number 5, at Page 27-A, there appears
10 a complaint encaptioned, "Bally Manufacturing
11 Corporation against Donald J. Trump and others." Is
12 that correct?

13 A. Yes.

14 Q. Approximately how long after the
15 negotiations with Bally concerning the \$28.50 figure
16 do you recall that having been filed?

17 A. Fairly quickly afterwards, as I remember.

18 Q. Did you have any idea in advance,
19 aside from speculation, that the complaint would be
20 filed? Did anybody tell you to look for one or
21 expect one?

22 A. I didn't know. I didn't know how they could
23 sue somebody for buying stock on the New York Stock
24 Exchange. I don't think its happened very often. I
25 was jokingly telling somebody that I must have been

1 the only one ever to have gotten sued for buying
2 stock in the New York Stock Exchange. I since
3 learned that it happens quite a bit. I don't feel
4 totally alone out there.

5 The fact is that I was sued for
6 buying stock, openly buying stock on the New
7 York Stock Exchange. I did not think that
8 would happen. I did not understand what the
9 suit was all about and I didn't think that
10 was going to happen, no.

11 Q. Referring you now to Paragraph 3 at
12 Page 2 of that complaint, it indicates that, "To
13 circumvent the Hart-Scott-Rodino waiting period,
14 Trump has acquired a substantial number of additional
15 Bally shares through his investment banker." Which I
16 assume is Bear Stearns; correct?

17 A. Yes.

18 Q. Did you do that to circumvent the
19 provisions of the H.S.R.?

20 A. If you buy over \$15 million worth of stock,
21 you have to do one of a number of different things.
22 You have to either file that you're going beyond that
23 with Federal Trade, or you have to form a
24 partnership, in which case you don't have to file, as
25 understand it, or you can buy what's called a put and

1 call. You you can do a put and call.

2 Put and call is where the
3 investment banker would own the shares
4 essentially and you essentially buy an
5 option to those shares. So there are
6 various ways of doing it. The net result is
7 you don't file with the Federal Trade. It's
8 very standard. It's done on Wall Street a
9 lot. Either a partnership or put and call
10 and/or filing. And it's something that is
11 done quite a bit on Wall Street.

12 Q. To elaborate -- could you elaborate
13 on that a little bit. The answer that I'm looking
14 for, the question is, why didn't you just buy that
15 stock in your own name rather than through Bear
16 Stearns in a put and call agreement?

17 A. Because I decided that rather than allowing
18 Bally to know that I was buying shares and buying
19 shares of stock, that I thought it would be more
20 appropriate to use a fairly traditional put and call
21 method, or to establish a partnership. Rather than
22 the partnership in this particular case, I used a put
23 and call.

24 Q. I ask you to look at Page 29 of
25 that complaint now. It's specifically Paragraph 4,

1 which is 29 of the total exhibit, Paragraph 4 of the
2 complaint. That indicates that, "In furtherance of,"
3 which we refer to illegal control plant, "Trump also
4 has disseminated a press release in which he falsely
5 stated that he acquired Bally's shares for investment
6 purposes, when in truth Trump purchased the shares
7 for the purpose of acquiring control of Bally."

8 Is that allegation true or false?

9 A. Well, it's a totally false statement they
10 made. I think they even later on went back and -- I
11 don't know, amended, but I don't believe they
12 believed it themselves, because if you had a copy of
13 the press release, which I assume you must, you'll
14 see it says many different things other than just
15 investment purposes. It talks about my possible
16 intent at a later date; my possible intent at a
17 current date -- do you have a copy of the press
18 release? I think you have to read the press release.
19 That is why that statement was a total joke, because
20 the press release said totally different from what
21 they said. They took a small fraction of a sentence
22 out of the press release and didn't talk about the
23 rest of the press release.

24 Do you have the press release?

25 Q. I'll refer you to Page 62 of that

1 exhibit.

2 Is this the press release?

3 A. I believe so, yes. I can't read the second
4 sentence, the Xerox didn't come out. It states here
5 exactly what I'm stating.

6 Q. Why did you decide to issue a press
7 release as concerns your actions?

8 A. To let the public know that, so that there
9 wouldn't be trading and speculation in the stock, the
10 best way to prevent that is to issue a press release.
11 It's the safest and best thing to do, from a legal
12 and even from a fair standpoint. If I could read
13 this, I would love to be able to, but I can't read
14 this particular Xerox copy. This paragraph says
15 exactly the opposite of what they alleged in their
16 lawsuit. That's why there lawsuit was such a joke,
17 to start off with.

18 Q. Does that sentence you're referring
19 to, does this sound correct? "Mr. Trump stated his
20 purchases were for the purpose of making a
21 significant investment in the company and that his
22 ultimate holdings will depend upon ..." Et cetera?

23 A. That's right. Which is not what they say in
24 the lawsuit, by the way.

25 Q. And what is in the press release is

1 accurate in your mind?

2 A. Yes.

3 Q. Did you feel that the issuance of a
4 press release would in any manner affect the price of
5 Bally stock?

6 A. Well, I think the public wouldn't have been
7 hurt, at least, and there wouldn't have been
8 speculation in the stock and the so-called arbs that
9 you read about all of the time, for better or worse,
10 they wouldn't be able to necessarily benefit any more
11 than the public. By putting it out and by putting it
12 open and by having it open, I think the public was a
13 lot better protected, and that's why we did it.

14 Q. In regard to that litigation, did
15 you file an answer and countersuit against Bally?

16 A. Yes.

17 Q. Do you recognize this, which is
18 D-10, as a copy of that answer and counterclaim?

19 A. Yes, I believe it is.

20 Q. Referring you specifically to Page
21 19 at Paragraph 108, does that paragraph in the
22 answer and countersuit allege misconduct on the part
23 of Bally officials?

24 A. Yes.

25 Q. Could you explain that misconduct

1 as you perceived it at the time that answer and
2 countersuit was filed?

3 A. Yes. The Bally executives were getting
4 tremendous salaries. I believe the highest anywhere
5 for a company of its kind. Mr. Mullane was getting
6 in excess of a couple of million dollars, as I
7 remembered it. A man was given an agreement for a
8 golden parachute, which meant that if he was
9 terminated from his employment, this was a man I had
10 never even heard of, and he was going to be given a
11 \$1,400,000 in case somebody should come in and take
12 over Bally. Other salaries in Bally are
13 extraordinarily eally high. Yet, the fact is, they
14 own virtually no shares of stock.

15 I considered that to be, I
16 considered that to be not appropriate.

17 Q. As concerns, I refer you now to
18 Page 26 of that answer and counterclaim, specifically
19 to Paragraph 117. That refers to the meeting you had
20 with Mr. Mullane, and it states, "The meeting ended
21 with Mullane's false assurances that such a
22 possibility would be given due consideration by
23 Bally's Board of Directors." That is, the friendly
24 takeover. Correct?

25 A. That's correct. That's why I felt, I don't

1 know if you remember, what I said before that I
2 thought there was a fairly good chance -- I thought
3 it was a very good meeting. I thought that statement
4 or something to that effect was a positive thing in
5 terms of the possibility of doing a friendly
6 transaction. And I was not correct, but I felt that.

7 Q. Referring you now to Paragraph 121.
8 At that particular paragraph in the answer and
9 counterclaim you refer to a press report where you
10 were called or referred to as a greenmailer; is that
11 correct?

12 A. That's correct.

13 Q. What do you understand the term
14 greenmailer to mean?

15 A. Well, the word greenmailer, it was referring
16 to the Holiday Inn situation, where I sold the stock
17 on the open market. The word greenmailer, that's
18 often said, is -- the worst thing about it is the
19 fact the term, "greenmailer," greenmailer is selling
20 the stock, selling a portion of stock or all of your
21 stock back to a company. It's done constantly on
22 Wall Street. It's done by Solomon Brothers, it's
23 done by Merrill Lynch, it's done by many, many
24 people. There may or may not be legislation passed
25 over the next year not to allow the practice. The

1 practice is a totally legal practice. However, it's
2 something, the name, "greenmailer," is not a very
3 pretty word. It's a practice that on Wall Street is
4 very open and common and done quite a bit.

5 Q. What was your reaction upon
6 learning of that press report when you were referred
7 to as a greenmailer?

8 A. I didn't like it, because what they were
9 referring to had nothing to do with Bally, they were
10 referring to Holiday Inn. Frankly, I don't like the
11 term, I never liked the term. I had nothing to do
12 with so-called greenmailing or selling the stock back
13 to the company with respect to Holiday Inn. I was
14 called a greenmailer by a gentleman from Nevada on my
15 Holiday Inn transaction, as I remember it. Frankly,
16 I sold that stock back to the public, I didn't sell
17 it back to the company.

18 Q. In regard to your transactions with
19 Bally, did you engage in greenmailing, as you
20 understand that term?

21 A. Well, as the term is -- I would rather say I
22 sold my stock back to the company as opposed to
23 greenmail, if I could do that. I'm not sure. I hate
24 to refer to myself as a greenmailer. I have in this
25 particular case sold my stock back to the company.

1 Q. So that's how you would like to
2 characterize it?

3 A. I prefer. If you want, I'll say whatever
4 you want me to say.

5 Q. No, I don't want you to say it if
6 you don't believe.

7 A. I would like to say, that the fact is I sold
8 my back stock back to the company.

9 Q. Do you feel that Bally's purchase
10 of the Golden Nugget was to thwart any possibility of
11 your acquiring control of Bally?

12 A. I think they have said they were going to do
13 this anyway. I don't know. I mean, I would say that
14 it certainly played a role, you know. I would say
15 that it perhaps played a role.

16 Q. Would you say it was designed to
17 thwart that possibility?

18 A. Well, I think they create four licenses. It
19 wasn't a totally unique thing. I have been reading
20 about this great strategy that Bally could have all
21 of the newspaper analysts were saying, if Bally
22 wanted to stop Trump, all that he'd have to do is buy
23 another casino, he would have four licenses and
24 therefore they would stop him. I was surprised in a
25 way that it was Golden Nugget, although I knew that

1 Steve Wynn or I had heard Steve Wynn was wanting to
2 sell Golden Nugget for quite sometime. He ended up
3 selling it to Bally.

4 Q. Did you feel that Bally's purchase
5 of the Golden Nugget was negotiated without the
6 slightest concern of the financial condition of Bally
7 or the interest of its stockholders?

8 A. I think you would have to ask Bally that
9 question. I don't think it's a appropriate that I
10 answer it. I just don't know.

11 Q. Let me show you what's been market
12 as D-13. Do you recognize that affidavit?

13 A. Yes. I assume this is part of my affidavit.
14 I don't know. I don't know. I mean, do I recognize
15 it? I don't know. I would just have to look at it
16 and read it.

17 Q. Go ahead and look it over.

18 (Brief Pause.)

19 A. Yes. This is my affidavit originally.

20 Q. I would refer you to Paragraph 5 of
21 that affidavit -- was that affidavit filed pursuant
22 to the litigation with Bally?

23 A. I don't know. I think so.

24 Q. Referring you to Paragraph 5.
25 Could you read the first sentence, please.

1 A. "The purchase of Golden Nugget was not only
2 made to thwart any possibility of my acquiring
3 control of Bally but, more importantly, it was
4 covertly negotiated without the slightest concern for
5 the financial condition of the company or the
6 interest of Bally stockholders." Shall I read on?

7 Q. No. What was meant by that
8 terminology in that affidavit?

9 A. Well, it's my feeling -- now, of course,
10 there are two sides to every feeling. Bally, I
11 think, disagrees with it -- but that Golden Nugget
12 was purchased as a method of at least, at least
13 partially as a method, but perhaps as a method of
14 stopping the possibility of my acquiring control of
15 Bally.

16 Q. Since the time that affidavit was
17 completed, have your feelings in that regard changed
18 in any way?

19 A. Not particularly. I think it was, they
20 might become a little bit more modified. I'm not
21 sure that they've changed. I think it was an
22 obvious, it was a fourth license and that caused me a
23 lot of problems.

24 Q. As part and parcel to the civil
25 litigation, were both you and Mr. Mullane deposed?

1 A. Yes, I believe he was and I was.

2 Q. In that deposition of yours, there
3 are references to a Roy Zirkowsky; correct?

4 A. Yes.

5 Q. Who is Mr. Roy Zirkowsky, please?

6 A. Roy Zirkowsky heads up the health club
7 facility of Bally. Roy Zirkowsky, who I know not
8 particularly well, but I know him because he's
9 negotiating for a large, probably the largest in the
10 country, health club in what's called Television City
11 on the west side of Manhattan in my development.

12 Q. Did you ever meet with Mr.
13 Zirkowsky where you discussed your Bally stock
14 holdings?

15 A. Briefly in Aspen.

16 Q. How did that meeting come about?

17 A. Mr. Zirkowsky broke his leg while he was
18 skiing in Aspen. I heard about it because somebody
19 that knew him said to me that, did you here that Roy
20 Zirkowsky was here and he broke his leg? I said, is
21 he still there? Yes. In addition to which he was
22 looking at buying, as I say because of the kind of
23 salary he makes, he was looking to buying a mansion
24 in Aspen. He works, again for Bally. Everybody who
25 works for Bally can buy mansions.

1 I recommended to him a broker, I
2 called to recommend a broker, a person that
3 I know in Aspen who's a very good real
4 estate broker. I also called to, you know,
5 tell him lots of luck with your leg.

6 Q. Where did the meeting with him
7 actually occur? Was it at his house?

8 A. No, he didn't have a house at this time. He
9 was going to buy one. He was staying in a beautiful
10 hotel in Aspen with his wife and some other people, I
11 guess.

12 Q. Was it a breakfast meeting?

13 A. No, it was after breakfast. He we had had
14 breakfast. Then he had asked me on the side -- as I
15 remember it, this is again a long time ago. It's a
16 little bit difficult to remember exactly, you know,
17 what took place, this long ago.

18 And I didn't think it was a
19 particularly significant event.

20 He had asked me what I thought of
21 Bally and what are you going to do, et
22 cetera, et cetera. He said, they are going
23 to fight like hell. He told me they are
24 going to fight like hell.

25 I remember he kept telling me about

1 the license in Nevada. He said, well, it's
2 going to take you six months to a year to
3 get licensed in Nevada. And I said, well, I
4 assume I can put a trustee in charge, if I
5 bought the company, if I ever decided to go
6 forward, I could put a trustee in charge, or
7 I could just buy it, and if I had to I would
8 have to close down the hotels for a period
9 of time. That wouldn't be totally out of
10 the question.

11 He said, well, I remember him
12 saying, well, they are going to fight you,
13 they are go to going to fight you.
14 Something.

15 Q. Did you have any discussion with
16 Mr. Zirkowsky concerning any price you would be
17 willing to consider for selling your shares to Bally?

18 A. I think the only time a price was mentioned
19 was, I said I think the shares were worth than 30.

20 In my opinion, the shares are worth
21 in excess of 30. I don't believe there was
22 a price mentioned in any other form but I
23 felt the value of the company was over 30.

24 He told me, which was rather
25 surprising, but as I remember it, that, oh,

1 you haven't seen anything yet. I'm telling
2 you, this company is really ready to go, you
3 know, everybody tells me that.

4 And the company -- but the shares
5 were worth more than that. He was literally
6 not denying what I was saying. But I was
7 talking about the company in terms of a
8 value, in my opinion, was worth over 30, and
9 that was basically it.

10 Q. I would like to show you now what's
11 been marked into evidence as D-8. Specifically, it's
12 Page 14 of that exhibit. I would ask you to look
13 that over. After doing so, indicate if you can
14 recognize that as the letter agreement you entered
15 into with Bear Stearns.

16 A. With Bear Stearns, or with Bally?

17 Q. With Bally. I'm sorry.

18 A. Yes, I recognize this. Yes.

19 Q. Why did you enter into that
20 arrangement or that agreement with Bally?

21 A. Well, at this point and, again, I could
22 have, I believe, had an opportunity to do this quite
23 a bit sooner. So, if I really wanted to, to use your
24 term, "greenmail," I could have probably done this a
25 lot sooner and a lot easier and not have to be be

1 sued and not have to go through all of the expensive
2 litigation and the expense of, you know, of the
3 fight.

4 But at this point, it became clear
5 to me that with the purchase of the Golden
6 Nugget at a price which was certainly
7 substantial, that with the attitude on
8 behalf of the people at Bally to want to
9 continue to run the company for whatever
10 benefit, whether it be the stockholders or
11 their own, it became clear to me that a deal
12 was going to be a very difficult one.

13 I'm not, you know, I'm not a person
14 that, despite what some people think, that
15 particularly loves litigation, and
16 protracted litigation. Frankly, this was
17 not going to be easy. You had an entrenched
18 management that wanted to keep the company.
19 Maybe they are right. Maybe this company is
20 going to go through the roof over the next
21 couple of years. In that case I'll take my
22 hat off to them publicly. I think it would
23 be great for the stockholders and I hope
24 they are right.

25 With the purchase of Golden Nugget,

1 making it virtually impossible for me having
2 to sell one of the four casinos -- I
3 wouldn't want to sell mine because I'm very
4 proud of them and I think you're going to
5 see some tremendous results shortly with the
6 price that was paid for Golden Nugget and
7 with various other factors, including the
8 fact that Resorts seemed to be of a friendly
9 mode and it was around this time that I had
10 spoken with the Resorts people, and it
11 seemed as though they had a lot of problems
12 in terms of their construction and various
13 other things, and it just seemed that they
14 wanted an expertise, and they were sort of
15 wanting to do something as opposed to having
16 to fight to do something, it was just my
17 impression that I would be well off selling
18 my stock in Bally and going onto bigger and
19 better things or smaller and better things,
20 or whatever that might be, but just going
21 onto something else.

22 Q. So it was a balancing of several
23 factors?

24 A. Absolutely, yes.

25 Q. Aside from receiving approximately

1 \$62,400,000 for the 2,600,000 shares of Bally stock
2 you held, Paragraph 2 of that agreement that you have
3 with Bally, indicates you received an additional
4 approximately \$6,215,000 from Bally; is that correct?

5 A. Paragraph 2? I don't know exactly what it
6 is. 6,215,000, yes. That's correct.

7 Q. What exactly was that received by
8 you in connection with?

9 A. That was based upon a number of different
10 items. One was my consideration not to go back into
11 Bally stock for a period of about 10 years. That was
12 a consideration for that.

13 Another was the ownership or the
14 expenses incurred with respect to the
15 ownership in the fight and various other
16 expenses. A big part of that was my
17 consideration not to go into Bally stock.

18 Q. Referring you now to Page 28 of
19 that same DGE exhibit --

20 A. Page 28 or -- this is 34?

21 Q. I'm sorry.

22 A. Page 28?

23 Q. Could you look that over and see if
24 you recognize that from an agreement rendered into
25 between Bally and Bear Stearns.

1 A. Yes, I believe it was entered into between
2 Bally and Bear Stearns, yes.

3 Q. Are you familiar with that
4 agreement?

5 A. Not particularly, other than Bally also
6 wanted Bear Stearns to agree not to have much to do
7 with Bally for the next three year period or, there
8 was a certain period of time they negotiated. I
9 don't know what that time was.

10 Q. Did you have any discussions with
11 Mr. Greenberg as to why Bear Stearns would enter into
12 an agreement with them?

13 A. Well, he -- I did have a very quick
14 discussion with him. He is, you know, he wanted to
15 tell me that he was willing to enter into an
16 agreement with them.

17 They had been asking for Bear
18 Stearns not to purchase, either Bally stock
19 or represent somebody. Bear Stearns being a
20 very strong outfit on Wall Street, very
21 highly respected, and I guess perhaps
22 somebody that Bally would look upon as a
23 potential representative of somebody other
24 than Donald Trump with respect to Bally
25 stock.

1 I think they negotiated a three
2 year period.

3 Q. What was your payment arrangement
4 with Bear Stearns? Was it a percentage of the stock
5 you purchased?

6 A. My only deal with Bear Stearns at the time,
7 they ended up, I don't know what I gave them, but it
8 was a negotiated fee. At the time, again, I called
9 Bear Stearns and said, "Buy Bally stock." What I
10 paid them was just a commission on the stock.
11 Whatever that commission is. It's hopefully a prime
12 rate commission on the stock.

13 In the end it turned out to be much
14 more work for Bear Stearns in that it was
15 back and forth negotiation, and they agreed
16 not to go into Bally stock, et cetera, et
17 cetera as part of the settlement. I don't
18 know exactly what I ended up with.

19 Initially I had no agreement with Bear
20 Stearns. They were just acting as my stock
21 broker.

22 Q. In addition to any brokerage fees,
23 there were additional fees paid to Bear Stearns?

24 A. Yes.

25 Q. Do you have an approximation of

1 what those fees were?

2 A. I think I agreed on \$650,000. It might be a
3 little bit off. I think it was \$650,000.

4 Q. Would that have been in addition to
5 the brokerage fees or would that include them?

6 A. I believe that was in addition to the
7 brokerage fees.

8 Q. Did you have any discussion with
9 Mr. Greenberg as to why Bear Stearns would be willing
10 to enter into an agreement like this with Bally
11 considering that it might forego future business
12 prospects for Bear Stearns?

13 A. Well, you have a lot of companies on the
14 stock exchanges, thousands and thousands and more
15 every day. I mean, Bally is one of those companies.
16 Mr. Greenberg is very loyal to me. He's done a great
17 job for me. And we're friends. I think he thought
18 it was my best interest, in my best interest to get
19 out of this particular deal and go into something
20 else that could be more productive, like a Resorts or
21 whatever else I might want to.

22 Q. In what ways do you think Bally
23 changed since the time you made your initial
24 investment in the stock of that company?

25 A. Bally as a company?

1 Q. Yes.

2 A. It's very interesting. They may change for
3 the better. They may get rid of businesses now that
4 are, that have been historically un-productive for
5 Bally and they might very well -- I read where they
6 are looking to sell health clubs and sell other
7 things and sell there amusement park division. They
8 may be put in a position where their gaming company
9 is going to be not only much wealthier but much
10 stronger than it is right now. I mean, oftentimes
11 these companies become much stronger because of it.
12 I think Bally might, again, I have no real opinion
13 because I haven't looked at the stock in a long time.
14 I think Bally might become a stronger company out of
15 it. They may very well get rid of certain assets
16 that have not been producing well for them and end up
17 being a stronger company, pay off debt and be a
18 stronger company. Before I got involved, Bally had
19 plenty of debt, I think everybody knows that. They
20 paid a big price for M.G.M. in Las Vegas and Reno and
21 they had a great deal of debt. It may well be
22 they'll be forced to focus on management and pay off
23 debts and get rid rid of assets that he have not been
24 productive for them but could be productive for
25 somebody else.

1 Q. Did you ever feel that Bally's
2 taking on debt was a reaction to your efforts to
3 purchase Bally?

4 A. They didn't take on debt, they took on
5 Golden Nugget, which perhaps is the same thing.

6 Q. Did they also issue new shares of
7 preferred stock?

8 A. I guess they took on preferred -- some
9 preferred stock. I don't know what else they took
10 on. They paid me. They paid Golden Nugget.
11 Eventually I think what they are going to do is sell
12 un-productive assets at good prices.

13 Q. Do you feel Bally initiated any
14 action as a result of your stock purchase?

15 A. Meaning -- I don't understand the question?

16 Q. Did Bally initiate any actions as a
17 corporation, as a company, in view of your
18 acquisition of Bally stock, did they do anything as a
19 reaction to you?

20 A. Like you mean the Golden Nugget?

21 Q. Yes, sure.

22 A. As I said before, I think that he might very
23 well have bought the Golden Nugget or at least
24 speeded up the purchase of the Golden Nugget as a
25 reaction. I don't know that for a fact. I believe

1 they might very well have done that. I think they did
2 that.

3 It doesn't mean that they wouldn't
4 have purchased the Golden Nugget anyway.
5 Somebody had mentioned to me, I'm not even
6 sure who, at this point, that they were
7 talking to Golden Nugget previous to my
8 involvement.

9 But perhaps it speeds up that
10 process. I just don't know. I really don't
11 know.

12 Q. In purchasing the stock of Bally
13 and, and here I'm talking about at any time,
14 including your increase in ownership of the
15 outstanding shares from 9.6 to 9.9 percent, did at
16 any time have any intention to affect Bally
17 economically in any way?

18 A. Well, you have to understand, I was the
19 largest stockholder in Bally. I'm not looking to
20 hurt Bally when I own 9.6 or 9.9 percent of the
21 stock. I did not like the fact, and I don't think
22 anyone else would have, that I was sued by someone
23 for buying their stock. I can see being sued if we
24 launch a tender or we do this or that. We didn't do
25 that. I had a friendly breakfast meeting. I got

1 along very nicely. We, you know, I had made a
2 proposal. The proposal was -- in retrospect, nobody
3 ever asked me the price. Maybe if I would have bid
4 \$200 a share they would have said no. I don't know.
5 Normally somebody would say, the first thing I would
6 ask is, how much are you offering? Nobody ever asked
7 me that. I didn't give them the information because
8 I wasn't asked.

9 I just don't know. I didn't want
10 to keep, again, if I might, I was the
11 largest stockholder in Bally. As the
12 largest stockholder in Bally, it is not to
13 my advantage to hurt the company. I'm very
14 negatively impacted by that, also. I had
15 more stock than anybody else by far.

16 Q. Just one more thing, Mr. Trump?

17 When Mr. Ribis was questioning you,
18 you indicated, in reference to the Resorts'
19 transaction, that there was some intention
20 regarding the low income housing on your
21 part. Could you elaborate on that, please.

22 A. Well, I've said that, and I really would
23 rather not have this sound overly self-serving, to be
24 perfectly honest, because I think maybe that's the
25 way, unfortunately, it comes out. If everything

1 happens with Resorts and with the land holdings that
2 they have, it would be very much my intention -- and
3 I've spoken to people, Alex Cooper, the architect,
4 who designed Battery Park City, he was the master
5 planner of Battery Park City. He's a highly sought
6 after man. He takes very few jobs now. He's
7 probably the dean of master planning in the whole --
8 in the world, let alone in this country. He's the
9 best master planner, and I've worked with a lot of
10 good ones and I've worked with some that aren't good
11 at all. He's a total absolute pro. I've already
12 made a deal with Alex Cooper that Alex Cooper is
13 going to come to Atlantic City and master plan much
14 of the Resorts' land, if not all of the Resorts'
15 land, and master plan it like this city has never
16 seen, I mean a real professional.

17 Part of that master plan is going
18 to be low and moderate income housing; and
19 that I am looking forward to developing low
20 and moderate income housing in Atlantic
21 City, because I think it can be done. We
22 have the money to do it. I don't think
23 anybody has more expertise than I do at
24 building low and moderate income housing. I
25 did, in fact, as you know, I have a job in

1 New Jersey, it was the first job I did when
2 I got out of school, out of college, at 220
3 Prospect Street in East Orange, New Jersey.
4 It's a senior city citizens housing
5 development. It's a very successful one.
6 We still own it to this day and it's among
7 the most successful developments. It's
8 among the best managed and successful
9 developments and I'm very proud of it.

10 The Resorts company has land that
11 can be used for low and moderate income
12 housing, and it is going to be a primary
13 initiative of mine, if I'm successful in
14 getting the company, it's going to be a
15 primary initiative of mine to show a lot of
16 people, not just within New Jersey but all
17 over the place, all of the many people that
18 scoff at what's happened with Atlantic City,
19 and they look at it as being a totally
20 negative experiment, as you well know.

21 I'm going to try and do a real job
22 in creating housing in Atlantic City.

23 Q. Do you have any idea or speculation
24 as to how much low and moderate income housing we're
25 talking about?

1 A. It's a little early now, but as much as is
2 rationally possible. I mean, as you fully
3 understand, you cannot make money. It's only a
4 question of how much money will you lose by building
5 low and moderate income housing? You cannot make
6 money doing this.

7 I -- we have funds, and I have
8 funds, substantial funds in my two other
9 developments, which frankly I'm looking
10 forward to spending. We'll have substantial
11 and have substantial funds in Resorts, which
12 I'm looking forward to spending, and the
13 combination of a possible partnership may or
14 may not happen, but a possible partnership
15 between the three entities, or doing it
16 separately. But the advantage that Resorts
17 has over anything that I have is that they
18 have vast land holdings. Because of those
19 land holdings, it's possible to build, and
20 the prices of that land, it's possible to
21 build low and moderate income housing.
22 That's the big advantage of Resorts. That
23 is going to be one of my priorities.
24 Another priority is going to be getting the
25 Taj Mahal built at a, you know, as a sort of

1 say, at a reasonably ridiculous price. The
2 building is very substantially over budget.
3 It's very late. It's going to be very late.
4 I mean, people are saying it's going to open
5 in December. I mean, they don't even have
6 many of the concrete frames up yet.

7 So that's -- but the housing is
8 going to be a very major priority for me,
9 yes.

10 MR. VUKCEVICH: Thank you. No
11 further question. Thank you for your time.

12 MR. RIBIS: I have nothing else.

13 CHAIRMAN READ: It's a quarter of
14 one.

15 Why don't we take a break at this
16 time and come back at a quarter of two.

17 (Luncheon recess at 1:45 p.m.)
18
19
20
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25

1 AFTERNOON SESSION

2 (Commencing at 1:55 p.m.)

3 (All Five Commissioners present.)

4 CHAIRMAN READ: Call the meeting
5 back to order.

6 Commissioner Zeitz, cross-examine.

7 COMMISSIONER ZEITZ: Thank you, Mr.
8 Chairman..

9 EXAMINATION BY VICE-CHAIR ZEITZ:

10 Q. Mr. Trump, I think you left off
11 with some comments regarding housing possibilities in
12 Atlantic City.

13 The questioning has to be somewhat
14 hypothetical, until there's a final result
15 on the whole Resorts' proposition.

16 It is my recollection, and I was
17 not able to get figures during the luncheon
18 recess, but I think Resorts owns about 14
19 percent of all of the ground in Atlantic
20 City. I think that's about 700 acres, if my
21 memory serves me correctly. A good deal of
22 that is located in what's called the Inlet
23 neighborhood.

24 Do you see that as a likely
25 prospect for housing development, that

1 section of the city?

2 A. That seems to be the area that's most
3 discussed. I would like to sort of just couch my
4 definite feeling, because I'm not a hundred percent
5 sure until I get a little bit more familiar with the
6 land, until Alex Cooper gets involved with me in
7 terms of master planning.

8 It would seem to me that the most
9 appropriate location for the low and
10 moderate right now would be the Marina area
11 in terms of accessibility and in terms of
12 really everything else, and also helping the
13 area.

14 Q. The Inlet area?

15 A. The Inlet area, yes, sir.

16 Q. The company also owns I think 118
17 acres, I think, out in what's called Greate Island, a
18 lot of it being wetlands.

19 A. That's right.

20 Q. Have you given even any preliminary
21 thought as to what kind of use that land can be put
22 to, if any, depending on the reasearching?

23 A. I really have not. That piece has a
24 problem. Right in the middle of the piece at
25 entrance, there's a piece owned by Vornado. I think

1 you'll remember tha, because Golden Nugget was trying
2 to get zoning for that to build a casino. That's
3 literally right at the entrance.

4 In order to get up to the majority
5 of the Greate Island's piece, you have to
6 pass really a pretty unattractive chunk of
7 land. It's a big chunk; it's much smaller
8 than Greate Island, but it's right at the
9 beginning, right in the front.

10 Q. About 18 acres?

11 A. Yes. It is literally right at the entrance.
12 It's got got somewhat of problem in that sense from
13 an aesthetic standpoint. I have not focused on that
14 piece of problem; no, sir.

15 Q. During the course of your
16 involvement in Atlantic City, and now that you are
17 looking at Resorts and all the land Resorts owns,
18 with an emphasis on the Inlet, have you ever examined
19 or caused to be examined by your organization the
20 program done for the Commission by the American
21 Cities Corporation?

22 A. I am not sure. Which program is that?

23 Q. The development program for the
24 Inlet area?

25 A. No, I have not, sir.

1 Q. In connection with possible
2 development of housing in Atlantic City, would this
3 be above and beyond the C.R.D.A. obligations of the
4 properties?

5 A. I think it could be, depending upon the kind
6 of funds we'll have. We'll have the funds. You
7 know, the advantage that Atlantic City has over every
8 other place is that we really do have the funds, the
9 potential of the funds. They have to be spent
10 wisely. The subsidy is so great. The losses are so
11 huge with low-income housing. The Federal Government
12 is really finding that. I didn't think they had a
13 very efficient program there with, the you
14 know, Section 236 and the Section 8's. Sometimes it
15 was too deep a subsidy and sometimes it was not deep
16 enough.

17 The Federal Government, if you look
18 at their deficits, you'll see a big, big
19 portion of that goes right into the
20 subsidized programs they had.

21 The fact is that a great deal of
22 money will be lost with subsidized housing.
23 Also, it's something that I think has to be
24 done.

25 I would like it to be done as

1 efficiently as possible, so that as little
2 money as possible is lost, and therefore
3 that we can build as much as possible. The
4 less money we lose, the more we're going to
5 be able to do and build.

6 The advantage is there is money.
7 Most other places don't have I any money
8 they can even talk about, they need federal
9 assistance or state assistance, and there is
10 none of either. In Atlantic City we do have
11 certain funds and they are fairly
12 substantial funds.

13 I would rather do it myself rather
14 than buying the bonds, et cetera, et cetera,
15 I would rather do it myself, because I think
16 I can create quite a bit of housing, and
17 good housing.

18 Q. So, to that degree, in doing it,
19 you might use up your C.R.D.A. obligations. You
20 might have obligations beyond those to complete the
21 kind of projects you're talking about?

22 A. It's possible. It's possible. It's
23 possible that can retroactively catch up. It is
24 possible; yes, sir.

25 Q. Do you envision Resorts

1 contributing land for some of these projects?

2 A. I think it has going to have to happen. One
3 of the problems, one of the negatives of casino
4 gambling is the land costs are so high. They don't
5 work for a non-casino-hotel where you can actually
6 make a profit; and so it certainly doesn't work for
7 the low-income housing. So I believe that Resorts
8 will -- if I'm in charge of Resorts, Resorts will be
9 contributing the land, unless there's some legal
10 restraint which I don't know of, and I don't think
11 there is, because they have so much land.

12 I really feel that I and they and a
13 lot of other people should really have at
14 least a moral obligation -- and I think we
15 have an obligation to do it. A lot of
16 people are disenfranchised. Let's face it,
17 you go around Atlantic City and you see
18 what's happening, you have these palaces
19 rising, and then you have everything around
20 it. I think a lot of things can be
21 straightened out.

22 Q. I also see it as an essential
23 business proposition for the casino industry at this
24 point because there's an unstable workforce and a
25 limited population pool. Without housing for the

1 lower-end workers, it's going to be very difficult to
2 sustain the industry. Would you agree or disagree
3 with that observation?

4 A. I think to an extent. I think also it's
5 going to be very good for, as an example, with
6 Resorts, they are opening up the new building.
7 Nobody knows where they are going to get the
8 workforce. It's a real big problem. Right now you
9 can't get workers in Atlantic City. It's really --
10 in one sense, I guess you could say it's great. In
11 another sense it's really rather catastrophic. I
12 think you're right in that. Also, I think
13 psychologically it would be great for Atlantic City,
14 saying, finally, after all these years, something
15 positive is happening. It's not just the casinos,
16 but something positive is happening.

17 Q. Are you familiar with American
18 Cities Corporation?

19 A. No, I'm not.

20 Q. It is part of the Rouse
21 organization.

22 A. I see.

23 Q. Are you familiar with that
24 organization?

25 A. Yes, I am.

1 Q. South Street Seaport and Harbor
2 Place?

3 A. Yes.

4 Q. Surprise you that Atlantic City is
5 about the only place in the country that didn't want
6 to take your advice?

7 A. Well, no, I'm not surprised. I'm not
8 surprised.

9 Q. I'll leave that one
10 VICE-CHAIR ZEITZ: I'll leave that
11 one alone.

12 Just a couple of other questions,
13 not in this area.

14 Q. As you know, we had a hearing last
15 month on the Holiday recapitalization. At some point
16 in that hearing one of the witnesses testified that
17 the stock market has never known how to value real
18 estate. Would you agree or disagree with that
19 proposition?

20 A. I agree with it.

21 Q. Would that in part explain your
22 activities in the market, not simply in terms of -- I
23 notice there are newspaper reports now about your
24 investments in U.A.L. and Alexanders. Would that to
25 a degree explain your interest in those, as well as

1 the stocks you've been in, the casino-related stocks
2 you have been involved in?

3 A. Yes. I've never thought of it that way
4 necessarily. I don't think I consciously went into
5 it on the basis that this is a real estate or
6 predominantly a real estate company. The stock
7 market has never understood real estate.

8 It's something that's really always
9 amazed me because you have among the most
10 sophisticated investors in the world. Real
11 estate has not reacted well in the stock
12 market. Outside of the stock market there's
13 probably nothing that has been better or
14 reacted better.

15 I would say that it is not
16 consciiously done that way but it just
17 happens to be that many of the companies I'm
18 investing in, Alexander's is an example, as
19 well as a retailer. As a retailer it is
20 probably worth three or four. As piece of
21 real estate -- they have fabulous real
22 estate holdings.

23 In New Jersey they have almost 50
24 acres in Paramus, the site of the Alexander
25 store. It's probably the best real estate

1 site there is in the State of New Jersey and
2 Manhattan, and everywhere else.

3 Yes, they are very heavily real
4 estate oriented; yes.

5 Q. Whereas Pan Am isn't, I guess?

6 A. Pan Am is called inheritance. Pan Am comes
7 with Resorts. No, I don't -- I don't want to say
8 anything too negative, but I don't think Pan Am is
9 one of the great assets of the world.

10 Q. I don't want you to undercut the
11 price of the --

12 A. I probably just did that.

13 Q. I saw you quoted last week in
14 saying that.

15 Finally, as to the agreement with
16 Kern Australia. Was there any provision in
17 that -- was there actually a written
18 agreement of some kind, a preliminary
19 written agreement?

20 A. I don't know if we had a written --

21 THE WITNESS: Nick is nodding.

22 A. (Continuing) It was a very preliminary
23 agreement. It was subject to so many
24 different things. As an example, we never
25 really even agreed on what kind of fees they

1 would be paid to build and we would be paid
2 to manage and build in conjunction with them
3 ... there were a whole host of things.

4 It was a very -- it was really an
5 agreement to go in and bid and to work
6 everything else out later, essentially.

7 THE WITNESS: I don't want to
8 paraphrase wrong, Nick, but I think that's
9 pretty much it.

10 BY VICE-CHAIR ZEITZ:

11 Q. Do you know whether or not the
12 agreement, now as you know is a written agreement, do
13 you know if it contained any caveats in terms of
14 government approvals or regulatory approvals,
15 qualifications?

16 A. Yes. It was all subject to getting the job
17 and getting the various approvals.

18 If we didn't get the approvals, it
19 wouldn't matter.

20 If for some reason they weren't
21 approved, it wouldn't matter very much
22 either because I wouldn't do this myself.

23 It was a very subject-to, it was a
24 very preliminary agreement. Again, it was
25 subject to so many different things going

1 onward that, while I feel we did a very
2 strong due diligence with regard to the
3 company, I think it was especially strong,
4 considering the fact it was subject to so
5 many things, in any event.

6 Q. As I understand it, the successful
7 bidder, the announcement will be made some time in
8 early May -- May 7th is the last date I heard -- so
9 that whoever gets it, and were you still interested
10 in it, if your provided partner or party to the
11 agreement fell out because of the lack of government
12 and law enforcement approvals, the whole thing would
13 be moot, but nobody will start until that is awarded?

14 A. That is correct.

15 Q. Or approved?

16 A. That is correct. And I was supposed to make
17 a trip there a week and a half ago, and when I heard
18 it was 26 or 27 hours -- I actually knew it but it
19 was planned for three or four weeks. As the time got
20 closer and closer, it sounded more and more less
21 attractive, I could say. Eventually I decided it was
22 just a long trip. So I don't know whether my
23 enthusiasm level can be very great for that
24 particular job. It's just a long, long trip away. I
25 believe on very hands-on management. If I want to

1 come to Atlantic City, I can come, I can look and
2 make sure everything is right. To get into a plain
3 and fly 26 or 27 hours, it's tough for me. It's
4 tough for anybody, but it's tough for me.

5 Q. Even with your own plan?

6 A. Even with my own plane. With anyone's
7 plane.

8 COMMISSIONER ZEITZ: Thank you.

9 THE WITNESS: Thank you.

10 CHAIRMAN READ: Commissioner,
11 Burdge?

12 COMMISSIONER BURDGE: No questions.

13 CHAIRMAN READ: Commissioner
14 Armstrong?

15 EXAMINATION BY COMMISSIONER ARMSTRONG:

16 Q. Mr. Trump, I think you indicated
17 when Bally announced it was purchasing Golden Nugget,
18 that you indicated that you really didn't have any
19 further interest in pursuing a relationship with
20 Bally because of the four-license dilemma that might
21 arise?

22 A. I'm not sure. If I said that, I think I
23 overstated the case.

24 I said that I could see it was
25 going to be very difficult to pursue Bally.

1 And, you know, because of the four licenses.

2 I was of the opinion that when they
3 did that, Commissioner, that was going to be
4 very, very difficult.

5 Q. The reason I was asking was to
6 clarify. I think I had read in several newspaper
7 accounts where you were quoted as indicating that you
8 had a buyer waiting in the wings for the Golden
9 Nugget if in fact you were able to do something with
10 Bally?

11 A. Yes.

12 Q. That is accurate?

13 A. That would have been accurate, but the buyer
14 was not a particularly substantial company. It was a
15 company that could never have paid the kind of money
16 that we're talking about, which in itself would have
17 been very negative for the at Atlantic -- for the
18 company, for the stock.

19 Q. I think you indicated -- I think it
20 was on cross-examination -- that you did not attempt
21 to negotiate or discuss with Michael Rose, or anyone
22 else at Holiday Corporation, having Holiday
23 repurchase your shares in Holiday.

24 Do I understand that correctly?

25 A. I believe that's correct. I don't remember

1 having said it, but it is possible that someone had
2 said it.

3 Q. I was curious because Michael Rose,
4 when he testified at the recapitalization hearing we
5 had here back in March, indicated contrary, when
6 questioned by one of the Commissioners.

7 One of the Commissioners asked Mr.
8 Rose:

9 "Did Mr. Trump ever propose to
10 Holiday to repurchase his shares at a
11 premium?" And Michael Rose said, yes, he
12 did.

13 Then the next question was: "Ans
14 the company's response?" And the company's
15 response was that, "We would absolutely not
16 consider that."

17 Do you recall that?

18

19 A. I don't remember. As I sort of alluded before, I
20 think there was a second phone call where we
21 discussed something else; and it could very well have
22 been mentioned during the second phone call. I don't
23 believe that it was. The first phone call was as an
24 investor in the company. I remember that phone call
25 very well.

1 The second phone call -- there
2 might have even been a third phone call,
3 frankly; but I don't specifically remember
4 but I don't think that was ever mentioned.

5 Q. Mr. Trump has the law firm of Drier
6 and Traub (phonetic) represented you or any of your
7 organizations within the past year?

8 A. Yes, it has.

9 Q. And have they represented you since
10 January 1st of this year?

11 A. Yes.

12 Q. And has Mr. Bernstein represented
13 you or done any work for you that you can recall,
14 since January 1st of this year?

15 A. I don't recall specifically -- I'm not sure.
16 In other words, it is a very big firm, specializes in
17 real estate; and generally I'll go through Jerry
18 Schragger and he will delegate the work out. I
19 really don't know off the top -- I don't think so but
20 it is possible. I could find out for you as to who
21 did certain documents. They do a lot of real estate
22 work for me in New York. I just don't know if the
23 work was delegated to Mr. Bernstein or a lot of other
24 people who work in the firm.

25 Q. You're aware, are you not, that the

1 Division of Gaming Enforcement in a supplemental
2 report concerning the factual disputes which arose
3 back at last year's council hearing involving roadway
4 improvements. That report was date December 30th,
5 1986.

6 Are you familiar with that report?

7 A. Yes, I am, vaguely. I read it when it came
8 out a couple of months ago.

9 Q. You did read it?

10 A. Yes, Ma'am.

11 Q. Taking away the Division's
12 conclusion that there really are no further issues to
13 be resolved, and looking at what the Division's
14 investigation, supplemental investigation revealed,
15 are you personally satisfied that the Division's
16 investigation resolves the factual disputes which
17 arose during last year's Castle hearing concerning
18 roadway improvements?

19 A. Well, I was very happy that, frankly, they
20 did it, because, you know, I was happy that you asked
21 and that the Commission asked, and I was very happy
22 they did it. I think maybe more so, especially after
23 reading the report, one of the findings -- I wish I
24 knew I was going to be asked this because I would
25 have read it more recently. When it was stated, one

1 of the findings was that the lawyer, the lawyer that
2 I think was in charge of the case who was with the
3 same firm, did not remember any of the statements
4 made by the Hilton lawyers; which frankly I was quite
5 happy about. I think they are still in the same
6 firm, and she did not remember what they were
7 stating. And the Division questioned them on that or
8 questioned her on that. I think she's in Chicago
9 with that particular firm in Chicago. Am I
10 satisfied? You know, I don't know if I have a choice
11 to be satisfied or unsatisfied. I'm satisfied that
12 the Division did a thorough job; yes, I think so;
13 yes.

14 Q. On page 21 of that report, of the
15 supplemental report of December 30th, 1986, the
16 Division concluded that some of the testimony of Mr.
17 Bernstein who represented you -- well, has
18 represented you numerous times in the past -- was not
19 credible. I'm referring to testimony given at the
20 Castle hearing last year, the renewal hearing.

21 Also, on page 23, the Division
22 further propounded some additional testimony
23 of Mr. Bernstein given at the Castle hearing
24 was not accurate; and they used the word
25 "inaccurate."

1 Does that leave any impression on
2 you?

3 A. I think it was the end result of the report
4 that left the biggest impression on me.

5 Taking Mr. Bernstein's testimony
6 into consideration and taking the testimony
7 of the Hilton people into consideration, the
8 Hilton attorney, the prime Hilton attorney,
9 you know, the result was the thing I focused
10 on more than anything else.

11 I do remember those statements,
12 yes.

13 Q. Just one other question on totally
14 an unrelated matter.

15 I was rather intrigued by the name
16 of your new parking garage, "Central Park."

17 Whose idea was that?

18 A. I have to give credit where credit is due,
19 because I wasn't sure whether I liked it or not, and
20 now I'm starting to like it much more.

21 Mark Etes who is with us and Steve
22 Hyde, they loved the idea of Central Park
23 and bringing Central Park to Atlantic City,
24 which would be pretty good. And we are
25 going to be building -- as you know, there

1 is a cut-out right on the corner, as the
2 entrance into Atlantic City. We're going to
3 be building a really beautiful park, which
4 is really a Central Park theme. We're using
5 the same pavers they use in Central Park.
6 We're using the same kinds of shrubberies
7 and greens and everything else. I think
8 it's going to be really beautiful.

9 Mark and Steve Hyde said, why don't
10 we call this Central Park? Also relating
11 to central parking lot, but, why don't we call this
12 Central Park? And I thought it was a great idea. So
13 that the theme has been used and it's just caught on
14 a lot. I don't know if New York City likes the theme
15 too much, but it has caught on very well.

16 COMMISSIONER ARMSTRONG: No further
17 questions.

18 Thank you.

19 THE WITNESS: Thank you very much.

20 CHAIRMAN READ: Commissioner
21 Waters?

22 COMMISSIONER WATERS: I have no
23 questions.

24 EXAMINATION BY CHAIRMAN READ:

25 Q. Mr. Trump, in response to

1 Commissioner Zeitz' questions on land development,
2 you indicated that you had never examined the
3 American Cities' plan, that you weren't really
4 familiar with American Cities; although, as he
5 indicated to you, it is a subsidiary of Rouse?

6 I ask, in connection with that
7 whole thing, were you aware that the Casino
8 Control Act directs that the first housing
9 redevelopment under the Casino Redevelopment
10 Reinvestment Development Authority shall be
11 in accordance really with the American
12 Cities' plan concept? That's by statute.

13 A. I'm sorry, sir, I was not aware of that.

14 CHAIRMAN READ: You might call that
15 to Mr. Cooper's attention, if he's going to
16 do your planning for you; it might save both
17 of you some problems.

18 BY CHAIRMAN READ:

19 Q. With respect to the Kern
20 relationship, you indicated, I think, that several
21 times that Kern was very highly regarded in
22 Australia.

23 Where did you hear that?

24 A. That's just the feedback I got from Mr.
25 Kehoe, who was my counsel in Australia.

1 I got the same feedback from Nick,
2 who I believe he spoke to a number of
3 people. He was there for ten days. It was
4 brought to my attention that Mr. Fiori was
5 there for closer to two weeks, in fact, in
6 excess to two weeks, as opposed to one week --
7 I had stated before he was there for a week.
8 I since learned that he was there for more
9 than two weeks. He was there.

10 It was really a highly regarded
11 company. It's very hard to do a --

12 Q. I understand the conclusion. But I
13 wondered, does he know by whom is he highly regarded?

14 A. Primarily by the research done by Mr. Kehoe
15 and the law firm over there.

16 Q. You don't know where he acquired or
17 whose judgment he was relying on for that?

18 A. No, not really, sir.

19 Q. You also indicated that you felt
20 great comfort in the fact that it was listed on the
21 Australian Stock Exchange, and that made you
22 comfortable; is that right?

23 A. It had a comfort factor; yes, sir.

24 Q. Holiday's listing on the exchange
25 here make you comfortable?

1 A. Good question. Good question.

2 Q. How do you distinguish?

3 A. You're right. It's certainly not the
4 end-all, the fact that a company is listed on the New
5 York Stock Exchange. You know, Ivan Boskey had the
6 right to practice on the New York Stock Exchange.
7 You're a hundred percent right.

8 Q. As a matter of fact, in connection
9 with the Holiday sale, I think Mr. Vukceovich asked
10 you if you had accomplished or achieved all of your
11 goals in connection with Holiday. You said, "not
12 particularly."

13 Could you expand on that a little.

14 A. I don't know if I said not particularly. I
15 hope I said --

16 Q. I think you said you didn't achieve
17 any particular goal.

18 A. Right. I mean, I was an investor in
19 Holiday. I think my only goal was to, as an
20 investor, it's a game that we all have to play, I
21 guess is, to try to come out with more than what you
22 put in. In that sense, yes, I achieved that goal. I
23 don't consider that a particularly -- I don't
24 consider that building from scratch or building a
25 great company or doing other much more worthy acts,

1 but I don't know that I had any great goals other
2 than trying to get a stock price perhaps which was
3 perhaps at, when I did sell my stock, which was
4 higher than when I went in.

5 Q. That's really what I had in mind.
6 If your original purpose was to invest, and if in a
7 quarter of a year you made roughly a 60 percent
8 increase, what more do you want to get out of it?

9 A. That's correct. I think you're correct. It
10 just seemed to me that the goal of just that was not
11 a particularly fabulous goal. In terms of my
12 investment, it was a good investment. From that
13 standpoint the objective was met, I guess.

14 Q. In connection with your sale of
15 Holiday stock, I'm interested; I think you said you
16 had bought it in the low 50's and you sold it at
17 about 80 or 81 in the open market. Any trouble
18 selling that amount of stock at those figures or was
19 it a fairly solid price by that time?

20 A. That's a great question. Because, frankly,
21 I thought there would be. What happened was, when
22 they announced, I got a call from Bear Stearns -- in
23 fact, it was Mr. Greenberg himself who called. He
24 said, Holiday had just announced, it just came over
25 the ticker, that Holiday is going to offer a

1 \$65-a-share dividend -- which I thought he was
2 kidding because I had never heard of that. I heard
3 of a lot of things but never a \$65-a-share dividend.
4 And that they were going to borrow 2.9 billion, and
5 do this and that and everything else. The stock went
6 up to something very quickly; huge. And I said,
7 "Sell. Sell." There was a frenzy to purchase that
8 stock. There was also a frenzy to, you know, a lot
9 of people wanted to buy it.

10 I think within one or two days I
11 had the entire position sold. It became one
12 of the most active stocks on the New York
13 Stock Exchange. Four and five percent of
14 the company was trading a day, as I
15 remember. So it was very easy. Normally if
16 you sell that much stock in one day, the
17 stock would go right down to the bottom.

18 Q. That was my curiosity. Did
19 anything happen in that case? It was at a pretty
20 solid value.

21 A. I was surprised that it was able to be sold
22 at a very high price. A few days later it went down
23 to 72 and 71. It went down quite a bit, when people
24 started analyzing the transaction. It just didn't
25 sound too great to me from the standpoint of the

1 stock, and I decided to sell. It did go down. There
2 was a tremendous number of buys, and therefore you
3 were able to sell a large block of stock.

4 Q. You indicated that you thought
5 Holiday was vastly under valued at the time you
6 bought it. I'm interested in whether that was on an
7 asset-value or on an income-value basis, or some of
8 each?

9 A. Well, it was on a management basis. It was
10 on an asset basis. It was on a cash-flow basis. I
11 felt, you know, we put some really wonderful people
12 in charge of Trump Plaza. As a example, our results
13 are so much higher now. I felt -- and this was just
14 instinct more than anything else. I felt that if
15 someone should ever get that management act together,
16 that could be a very profitable company.

17 If using Trump Plaza as an example,
18 I don't know the exact number, but where the
19 gross operating profit elevated in excess of
20 a hundred percent or something -- Steve can
21 tell you later whatever it is -- but a
22 hundred percent in a matter of weeks after
23 we took over. This wasn't, you know, like
24 after working for two and a half years.

25 Also, and I give a great deal of

1 positive changes create that much difference
2 in one building, can you imagine what you
3 can do with a whole company? That might be
4 wrong. That's a common sense theory but
5 that might be wrong. I just felt the stock
6 was very under valued.

7 Q. Bally and Holiday are similar in
8 several respects, not the least of which they both
9 have considerable aspects, having nothing to do with
10 the gaming industry.

11 A. Yes.

12 Q. How would you compare the
13 management of Bally and Holiday?

14 A. Well --

15 Q. Having dealt with both to some
16 degree.

17 A. I think the management of Bally is obviously
18 very highly paid, but forgetting about that. I think
19 the management of Bally is better, substantially
20 better in terms of professionalism. I don't want to
21 be too controversial here, this is a beautiful
22 question. I would just say that the management of
23 Bally is better than Holiday.

24 Q. You indicated Bally was very well
25 paid. The goldden parachute for Mr. Rose is

1 substantially a bigger parachute than anybody in
2 Bally.

3 A. I think it's preposterous. I think it's
4 totally preposterous. I think people should be
5 rewarded when they do a great job. When people don't
6 do a great job, I certainly don't think they should
7 be rewarded, not like that.

8 Q. How do you account for a 17-to-1
9 stockholder approval of the Holiday plan?

10 A. I have no idea. It's just incredible to me
11 that could be approved. At first when I heard it, I
12 said, it will never be approved by the stockholders,
13 and, how is it possible? I have absolutely no idea.
14 I think it's just a bunch of people that get a proxy
15 statement and they sign it. I just can't believe
16 that -- I heard that number, it was 17-to-1. I just --
17 I just don't think you have sophisticated people in
18 the company, or perhaps you just don't have people
19 who care. I don't know. You don't have any very
20 large stockholders with the --

21 Q. Of course, with the turnover of
22 four to five percent a day, you have a lot of new
23 stockholders that haven't had it for long.

24 A. You do. You do.

25 Q. You indicated in talking about your

1 applications in Nevada, when you were interested in
2 Holiday, you had applied, you weren't sure whether
3 you would withdraw it or where it stood. When Bally
4 came along, it certainly was reactivated at that
5 time, and then you thought your application had been
6 now withdrawn, although you did retreat from that a
7 little and didn't want to take too positive a
8 position.

9 I have one question: Do you want
10 it to be withdrawn? I mean, you were
11 looking to your attorneys, it seemed to me,
12 for some indication from time to time, and
13 it's a decision you have to make.

14 A. You're exactly right. I just didn't know if
15 it's been officially withdrawn.

16 Q. I understand. Do you want it to be
17 withdrawn?

18 A. Yes, I do, because there's no reason to have
19 it in there.

20 Q. In connection with the Bally
21 overtures, the buy-out of Bally and so forth, you
22 indicated in the course of your deposition, I guess,
23 that Bally's first step was too stall for time. Yet
24 I think you earlier testified that you or Mr.
25 Greenberg had suggested a meeting with Mr. Mullane.

1 How could it be Bally's first step
2 to stall for time by such negotiations if
3 you initiated the meetings?

4 A. I asked for a meeting and it took place
5 fairly shortly after I had purchased the stock.
6 After that I didn't really get a response. The thing
7 I was referring to when stalling for time wasn't the
8 lack of response, it was really the fact that -- let
9 me see, how did it all work? . . .

10 Bally didn't give me, they started
11 to negotiate at a price of \$28.50 or
12 something. I just didn't really believe it.

13 I didn't say that, but I didn't
14 legally believe they were really serious in
15 their negotiations. I thought that this
16 negotiation was just a way of buying time.
17 Then they brought a law suit. I didn't know
18 why they were buying time because I didn't
19 see any advantage in buying time. I didn't
20 thing they were going to sue me. I was more
21 surprised than anybody when I got sued.

22 As it turned out, during this
23 particular period of time, they were drawing
24 up legal papers because they brought a law
25 suit against me for whatever reason. That's

1 what I meant by stalling for time.

2 Q. You indicated that they sued you
3 and you counter sued. Do you have any idea what the
4 status of those suits are at the present time, have
5 they all been dismissed?

6 A. Yes, I believe they have all been withdrawn
7 as part of the settlement.

8 Q. I think you indicated, also, in the
9 course of your testimony, that everybody who works
10 for Bally could buy mansions. I won't go into the
11 relationship of those to the Trump organization. I
12 understand there are some available, though?

13 A. That's right.

14 Q. The only other question I have, I
15 think, is this: That is that, you indicated that you
16 had sold your Holiday stock on the open market,
17 priced it up pretty well?

18 Why wasn't the Bally stock sold on
19 the open market?

20 A. Well, it's really a very fair question. I
21 was in litigation with Bally, for one thing. If I
22 would have sold it on the open market, I think a
23 number of things would have happened.

24 Bally conceivably could have
25 continued the lawsuit against me. I could

1 have sold my stock, as an example, although
2 the price would have been for less, and I
3 thought the price should be more. So purely
4 on an economic basis, the price, obviously I
5 did better than at that time on the open
6 market. I don't know what's going to be
7 over the next six months or year, but at
8 that time.

9 In addition, there were extraneous
10 matters. There was a lawsuit against me.
11 If some kind of a resolution wasn't made, I
12 mean, I could have sold my stock and they
13 could have been suing me for the rest of my
14 life, you understand. And so I just wanted
15 to get everything finished and cleaned up.

16 Q. The major part of their suit was to
17 restrain you from continuing purchasing, wasn't it?

18 A. That's right. Even if you're going to sell,
19 you want to end the litigation, you want to have a
20 sign-off on the litigation. They wanted to have an
21 agreement whereby I wouldn't buy Bally stock for a
22 period of time. And it just seemed to be
23 appropriate; just seemed to be appropriate.

24 Q. Even though it does open you to a
25 greater accusation of potential greenmail than might

1 have been the case otherwise?

2 A. Well, it does. It's just, as a little
3 caveat; the intent, the word greenmailer, I think I
4 can go a step further, but the intent, it's been my
5 impression, the intent when using the word greenmail,
6 when there's an intent. There was no intent there in
7 terms of greenmail.

8 Q. That's tough to prove either way?

9 A. No it's tough. I understand that. It is
10 tough. But there was no intent at greenmail. If
11 there were I possibly, who knows, I could have sold
12 the stock a lot earlier to Bally.

13 Q. You indicated you should have taken
14 the offer earlier?

15 A. I indicated it would have been a lot easier.

16 Q. I think you also indicated you
17 would have gotten a better price?

18 A. And I might have gotten a better price, you
19 know, I might have gotten a better price. It might
20 have been easier and gotten a better price and I
21 might not have gotten sued and everything
22 else. And it wouldn't have been a number of months
23 down the road. Perhaps that goes a little bit to
24 explain the intent per se wasn't there.

25 I did in this particular company

1 sell my stock back to the company, yes, sir.

2 CHAIRMAN READ: Mr. Zimmerman?

3 CROSS-EXAMINATION

4 BY MR. ZIMMERMAN:

5 Q. Mr. Trump, when you purchased your
6 Holiday stock, was it your intent to precipitate some
7 action by the company or someone else to close the
8 gap between the value of the stock and the break up
9 value of the assets or to change the management?

10 A. No. Again, I thought I was buying an asset
11 which was not valued correctly. I do not say I
12 didn't think -- because I think there was a real
13 possibility that somebody else would have come in,
14 and that was a very distinct possibility that,
15 somebody else would have in fact come in and started
16 buying Holiday stock; and therefore driven the stock
17 price up.

18 I think that probably would have
19 happened. I read somewhere where Mike Rose
20 said, you know, as far as Trump is
21 concerned, he told me his was an investment.
22 Whether it was Trump or anybody else that he
23 wanted to so call, "protect the company." I
24 don't know what that means. He wanted to
25 protect the company. But he wanted to

1 protect the company against outsiders.

2 So, in protecting the company, he
3 did whatever he did.

4 If somebody else in fact from the
5 outside did come in, that would have the
6 effect of raising the stock price in all
7 likelihood.

8 Q. When you bought the stock, it was
9 in your opinion, under valued. What did you believe
10 was going to cause it to become properly valued?

11 A. I thought the stock was -- frankly, I looked
12 at that company as being for someone and not for me
13 or not necessarily for me or for me. I looked at
14 that company as being a real takeover target. Again,
15 I didn't see good management and I saw a stock that
16 was under valued. If an outsider came in and wanted
17 to take over the company -- I didn't expect the
18 result that happened. I did not expect what took
19 place. Did not expect a \$65 a share dividend and 2.9
20 in borrowings and everything else. I expected the
21 more obvious, but somebody from the outside would
22 have seen that this company was not particularly well
23 managed and that it did have good assets and they
24 would have made a bid for the company and I would
25 have bought my stock at a much lower level than the

1 bid. That's what I would have assumed could have
2 been a likely scenario.

3 Q. Would it be fair to say that you
4 were dramatizing the fact that the stock was under
5 valued and hoping to precipitate some action by
6 someone else causing the value to become more in line
7 with the real value of the company?

8 A. I don't think so. I did feel, and I think I
9 was fairly open in the fact that I thought the stock
10 was under valued. I don't think -- I don't use the
11 word dramatized. I think the stock is, I've said it
12 then and I say it now, I think the stock at that time
13 was under valued.

14 Q. With respect to Bally, if you had
15 taken over the company, what was your plan in terms
16 of what you would have done with the company?

17 A. If I had taken over the company, I think --
18 again, subject to obviously review and study and I
19 think I would have been inclined to to sell some of
20 their fairly good assets that have not been
21 productive under their particular management. I
22 think I would sold the amusement parks; maybe I would
23 have sold some of the other things they had; and I
24 would have paid off the debt. They have a lot of
25 debt. They had a lot of debt before they bought

1 Golden Nugget. They have a great deal of debt in the
2 company. They have some assets that are probably
3 good assets but assets I think can be better used in
4 paying off the debt so they can focus on a specific
5 business, such as the casinos.

6 CHAIRMAN READ: Mr. Ribis, any
7 redirect?

8 MR. RIBIS: No, sir. I have nothing
9 else.

10 CHAIRMAN READ: Mr. Vukceovich?

11 MR. VUKCEVICH: No, sir.

12 CHAIRMAN READ: Any further
13 questions from anyone? Thank you, Mr.
14 Trump.

15 THE WITNESS: Thank you, sir.

16 (Witness excused.)

17 MR. RIBIS: I have a short witness,
18 Mr. Hyde.

19 THE REPORTER: Raise your right
20 hand, please.

21 Do you solemnly swear that the
22 testimony you are about to give in this
23 matter will be the truth, the whole truth
24 and nothing but the truth, so help you God?

25 MR. HYDE: I DO.

1 THE REPORTER: Please stat your
2 full name and spell your last name.

3 MR. HYDE: Steven Hyde, H-Y-D-E.

4 STEVEN HYDE, having been first duly
5 sworn, was examined and testified as
6 follows: DIRECT EXAMINATION

7 BY MR. RIBIS:

8 MR. RIBIS: Mr. Moles just noted
9 that Mr. Hyde is not a short witness, he's a
10 tall witness.

11 Q. Mr. Hyde, what is your present
12 position at Trump Plaza?

13 A. President, chief operating officer.

14 Q. How long have you been the
15 president of Trump Plaza?

16 A. Is today the 21st? Today is the 20th. One
17 year and 20 days. I'm sorry, officially not until
18 May 16th. I joined the company on March 31st of last
19 year.

20 Q. Just quickly, could you review for
21 the Commission the changes in the facility which you
22 commenced over the past year since the Trump
23 organization acquired Harrah's 50 percent interest,
24 starting with, initially, the transportation center.

25 A. Yes. I was --

1 Q. Excuse me.

2 MR. RIBIS: For the record, we have
3 premarked these exhibits, starting with A-2.

4 MS. BIACHE: A-2 through A-7.
5 (Exhibits A-2 through A-7 marked for
6 identification.)

7 THE WITNESS: When I joined the
8 Trump organization, at that time Donald
9 advised me that he was preparing to go
10 ahead, in fact had begun construction, on
11 the transportation center which was located
12 directly across Pacific Avenue from the
13 hotel.

14 Q. Referring to exhibit A-2, just
15 briefly describe what that rendering shows.

16 A. Well, this shows the transportation center.
17 The transportation center which is approximately
18 2,772 spaces.

19 It has 13 bus bays. It has a
20 waiting area for predictively the bus
21 customers on the second level. And it will
22 also house some office space and will have
23 some keosk-type shopping area in it also.

24 Q. It will be connected.

25 A. Connected directly o the hotel facility by

1 way of a walk-over bridge across Pacific Avenue.

2 Q. When would you estimate that the
3 first phase of the transportation center will be
4 complete?

5 A. We anticipate the first three levels will be
6 complete on or about the weekend of May 22nd.

7 Q. There was some testimony regarding
8 the Central Park theme. Look at Exhibit 3. .

9 A. If you'll put two back up again.

10 If you'll look right on the corner
11 where this parking sign is right here, this
12 was an earlier drawing. It has since been
13 amended because of the Central Park theme.

14 On A-3 here, where this pool and
15 fountain statue, is right where that parking
16 sign would be, and that's that same corner.

17 So it takes the Central Park theme.
18 On farther down we have a couple of
19 carriages, hansom cabs, as you would find in
20 Central Park -- not with live horses, but
21 with replicas, but they are the true hansom
22 cabs that are built up in the Pennsylvania
23 Dutch country and we ordered they'll from
24 the for the same company that builds them
25 for New York City.

1 Q. Could you approximate for the
2 Commission the cost of the transportation center, the
3 hard cost, not the acquisition of the land, but just
4 the facility itself?

5 A. The current budget for that facility based
6 on, the Central Park theme, the walk-over bridge and
7 the entrance into the hotel facility itself is 34 and
8 a half million dollars.

9 Q. Looking at what's been marked as
10 A-4, could you explain to the Commission what that
11 rendering shows?

12 A. Yes. That is the entranceway. You're
13 standing, it would be the equivalent of standing in
14 the middle of Pacific Avenue, looking in towards the
15 hotel-casino facility. That is the entranceway into
16 the hotel facility. I think the Commission has seen
17 that before up here when we brought up, brought it up
18 for our approval.

19 Q. Now, aside from the transportation
20 center, over the course of the past year, there have
21 been, there has been work being done at the facility.
22 And there's been testimony from Mr. Trump regarding
23 suites.

24 The ground floor buffet, exterior
25 renovations, shops, hotel lobby. Could you

1 just briefly speak to those areas of work
2 that is being done and anticipated to be
3 done.

4 A. Right now under construction in our facility
5 are 18 new suites and a Plaza Club concept on the
6 35th, 36th and 37th floor to include the pent house.
7 These are luxury type suites to make us competitive
8 with some of the other facilities in the town. The
9 facility did not have a luxury suite when we occupied
10 it. That's one of the things I went back to talk to
11 Donald to ask for after we got involved with the
12 property, and I was able to find out some more about
13 it.

14 Q. These are your suggestions as to
15 improvements that could be made?

16 A. I think it was -- it's hard for me to say
17 they were my suggestions. Sitting down and
18 discussing a problem with Donald, I would have to say
19 that Donald is as much responsible for the concept of
20 the suites as I am.

21 Q. Speaking to the other renovations,
22 we have an exhibit up on the board now.

23 A. Yes. This is the floor plan of the new
24 buffet, that will be located in what is now the bus
25 waiting area, which is on the Pacific Avenue side of

1 the building. The Pacific Avenue side of the
2 building is across our porte-cochere and it kind of
3 sits separately.

4 At the current time it is a bus
5 waiting area. It's where the people kind of
6 congregate prior to their departure from the
7 buses. It will turn into a 350 seat buffet
8 area, which is one of the requirements that
9 we have. It's not a requirement that was
10 placed upon us, it's one that we indicated
11 we are going to do. And it was made a
12 requirement that construction commence as
13 soon as the facility, the transportation
14 facility was open. And it be completed by
15 December 31st

16 Q. In conjunction with this buffet, as
17 to the grand buffet now that you have at the
18 facility, do you intend on making changes there?

19 A. Yes. What were will happen is, the grand
20 buffet is currently on the 6th floor will, as soon as
21 this buffet becomes operational, will be evacuated.
22 We will be turning that facility into two more
23 gourmet restaurants.

24 Q. We have an exhibit, I believe it's
25 A-6. It looks like the Boardwalk view of the

1 facility.

2 Could you explain the exterior
3 renovations that are going to be taking
4 place?

5 A. Yes. You have two boards here. They
6 comprise the exterior renovations, as they are
7 currently anticipated around the facility, including
8 the top view there is the Pacific Avenue entrance,
9 which will be behind the doors in the center will be
10 where the new buffet area will be located. The
11 bottom view is the Boardwalk entrance, which is going
12 to be rennovated to add a classier front to the
13 facility.

14 Q. In the exterior renovations will
15 you be also adding shops and other things as noted in
16 this exhibit, A-6, I believe?

17 A. Yes. On Columbia Place, we'll be adding
18 some more shopping for the facility, which is, which
19 is in need of it at this point in time. In addition
20 to that, we're providing murals on the Columbia
21 Place, Columbia and Pacific Avenue, which will go
22 along with the Central Park theme. We think will
23 greatly enhance the lower part of the building's
24 look.

25 Q. Are you also planning to rennovate

1 the hotel lobby?

2 A. Yes, it will be rennovated as will the
3 atrium on the way up to the 6th floor. They'll have
4 a complete new look. The porte-cochere, also, is
5 going to have a new look when we're finished.

6 Q. Do you have an approximate cost of
7 the aggregate cost of all of the improvements in the
8 facility?

9 A. All of the improvements in the facility that
10 I have outlined today are currently budgeted to be
11 approximately \$30 million. It's about 64 to \$65
12 million we'll be putting back into the facility in
13 the first 30 months or approximately 30 months after
14 we've taken it over.

15 Q. Going to the revenue side, for the
16 seven months from June to December, could you
17 estimate the increase in the operating income of the
18 facility from June to December after the Trumps had
19 acquired the facility? .

20 A. If you don't mind, to estimate it, probably
21 the easiest thing to do is to go through what
22 happened to us when we moved in.

23 Harrah's when they left took the
24 entire top management team out of the
25 facility. That was in the agreement. We

1 had to bring in a whole new management team
2 and some new marketing and some new
3 programs. When we did that, I think it had
4 a rather dramatic effect on both income and
5 expenses in the facility.

6 For the first seven months after we
7 took over, we had approximately a nine and a
8 half million dollar increase in revenue, and
9 during that same time we had an approximate
10 \$5 million -- five and a half million dollar
11 decrease in promotional expenses, including
12 promotional allowances and marketing
13 expenses. So we were not only able to
14 significantly increase revenues but we were
15 able to spend a whole lot less in doing it.

16 Q. What was the percentage change in
17 operating income for that period?

18 A. During that period it was around six
19 percent.

20 Q. The net income to the facility,
21 could you explain, what the income was during the
22 same period when Harrah's had the facility as
23 compared to when Trump took over?

24 A. The net income for the facility increased
25 521 percent. It went from a million nine in 1985 to

1 12 million four in 1986 for the seven months.

2 Q. That's about 521 percent?

3 A. 521 percent.

4 Q. Speaking to the same results for
5 the year ending, the net income for the facility
6 changed approximately 1600 percent?

7 A. Yes, 1686 percent.

8 Q. And that's from \$865,000 tor 15
9 million 449?

10 A. Yes.

11 MR. RIBIS: No further questions.

12 Thank you.

13 CHAIRMAN READ: Mr. Vukceovich?

14 MR. VUKCEVICH: No questions.

15 CHAIRMAN READ: Commissioner Zeitz?

16 EXAMINATION BY COMMISSIONER ZEITZ:

17 Q. Mr. Hyde, that also reflects a four
18 percent increase in credit, that is, credit issued to
19 the drop?

20 A. Percentage, yes. Of credit issued to the
21 drop.

22 Q. These are going to be the biggest,
23 best suites in Atlantic City? Everbody's suites are
24 always the biggest and best. How much more of that
25 can the industry afford?

1 A. Honestly, I think it can afford as much as
2 you issue good credit, if that's what you are talking
3 about.

4 Actually, our bad debt expense has
5 gone down this last year from what they
6 experienced rather significantly under the
7 Harrah's operation.

8 If you have good people doing a
9 good job with their eye on the ball, I think
10 you can do a good job in the facility.

11 One of the prime examples of doing
12 a good job, I think, is the upcoming
13 Spinks-Cooney fight we have just signed to
14 do. It's a several million dollar project
15 for us, which I'm going to tell you, I tried
16 to do while I was with two other hotels,
17 while with Caesars, when we were close to
18 the convention hall and it made sense, and
19 then when we were down at Sands we worked
20 very hard to get the city to try to, the
21 city or the industry as a whole, to try to
22 do that type of fight.

23 Quite frankly, we met with very
24 little success from anybody to get
25 interested in the fight.

1 I think that if you look at what
2 happened at the Leonard-Hagler fight out in
3 Las Vegas, where that was projected at the
4 conservative range to bring in \$250 million
5 of additional business to Las Vegas, but to
6 say that the Spinks-Cooney fight will bring
7 in \$100 million dollars to Atlantic City, I
8 think is something you can reasonably expect
9 to do.

10 We've gotten excellent results from
11 the non-casino-hotels. We've had some very
12 big blocks of tickets bought from
13 wholesalers, by wholesalers and by travel
14 agents. We think it's going to be a
15 spectacular.

16 That's something you have to have
17 the right kind of management to do and you
18 have to have somebody who's willing to put
19 some dollars on the line in a city which to
20 date not anybody has put a lot of dollars on
21 the line, except for building and building
22 for the first time.

23 To go in and do a promotion of that
24 size, I think that takes a lot of guts.
25 Quite frankly, I'm very happy that I've got

1 somebody who will back us in doing that.

2 Q. You don't know what the drop and
3 win was at Caesars for the fight, do you?

4 A. I know what it was a few years ago, because
5 I did that for about eight years out at Caesars. I
6 know that they expected on that weekend to win over
7 \$10 million at Caesars alone. Now, that's \$10
8 million at Caesars without considering any of the
9 food and beverage revenues and things like that.

10 So, I think that 10 million was
11 probably a conservative figure for them.
12 They did -- the difference between Atlantic
13 City and Las Vegas is, they can get people
14 there for three to five days. We hope to
15 get them from two to three days.

16 COMMISSIONER ZEITZ: Thank you.

17 CHAIRMAN READ: Commissioner
18 Burdge.

19 COMMISSIONER BURDGE: No questions.

20 CHAIRMAN READ: Commissioner
21 Armstrong.

22 COMMISSIONER ARMSTRONG: No
23 questions.

24 CHAIRMAN READ: Commissioner
25 Waters.

1 COMMISSIONER WATERS: No questions.

2 DIRECT EXAMINATION BY CHAIRMAN READ:

3 Q. If I can see A-2. please. While
4 they are getting that, Mr. Hyde, just I'm curious to
5 know. You indicated Harrah's removed the whole top
6 management team in accordance with their agreement?

7 A. Yes.

8 Q. How many people did that involve?

9 A. It, I think it ended up to be 13 in the
10 original group that left, plus one or two more chose
11 to leave thereafter. Ostensibly to seek their
12 employment elsewhere and ended up over at Harrah's
13 which is not quite kosher but it still happened.

14 Q. How many people did you replace
15 them with?

16 A. I originally brought on 10 and I've added
17 two people since then, so it's 12.

18 Q. So you're now fully satisfied?

19 A. Yes. I'm fully satisfied. Also I had to
20 add a couple of positions that were not at Harrah's
21 per se, they were over at what they call the their
22 support service area. In that 12 people, are a
23 couple of people who aren't in the ones who left me
24 directly because they weren't directly associated
25 with Harrah's, they were only on a tangential basis.

1 Q. My own question in connection with
2 Exhibit A-2, how do you anticipate and when do you
3 anticipate you are going to get traffic moving on
4 Pacific like that?

5 A. That's a good question. We know from the
6 point of time when we open the bus parking spots or
7 the bus bays, that no longer will a bus that comes to
8 Trump Plaza have to go on Pacific Avenue, either
9 going or coming, it will not have to go.

10 We know that they'll be at least
11 2700 cars on one turn, and we expect they'll
12 be two turns or more potentially on a busy
13 day in the summer or on a weekend that will
14 not have to touch Pacific Avenue.

15 So that's a significant amount of
16 traffic which no longer has to hit Pacific
17 Avenue.

18 Also, as we were, as a result of
19 this particular licensing hearing, we
20 received a copy of a letter that was sent
21 to, who was it -- ACTA sent it to, I guess,
22 Kathy Walker, which congratulated us on our
23 farsightedness for building this because it
24 will take all of the pedestrian traffic that
25 is currently forced to cross Pacific Avenue

1 off of that avenue and we won't have to deal
2 with the potential of an accident which,
3 while I was down at the Golden Nugget, we
4 had three or four of them while I was down
5 there. Fortunately, while I was there,
6 there weren't any fatalities; but there have
7 been fatalities down there.

8 I think in the particular section
9 where we are, where on one block is Caesars
10 with their people crossing the road, and on
11 the other block is us, the potential for
12 that hazard is substantial.

13 CHAIRMAN READ: I want to say
14 that's such a good answer, I want the record
15 to reflect you did not ask me to ask that
16 question.

17 THE WITNESS: Thank you, Chairman,
18 let the record so reflect.

19 CHAIRMAN READ: Mr Zimmerman.

20 MR. ZIMMERMAN: No questions.

21 MR. RIBIS: Nothing else.

22 MR. VUKCEVICH: Nothing else.

23 CHAIRMAN READ: Thank you, Mr.

24 Hyde.

25 (Witness excused.)

1 MR. RIBIS: I have nothing else at
2 this time. I believe we've marked in the
3 transcripts of testimony of Mr. Intriligator. I have
4 nothing else unless the Commission wishes. Therefore
5 I rest.

6 CHAIRMAN READ: It is not your
7 intention to call Mr. Intriligator then in
8 connection with the hearing for live
9 testimony?

10 MR. RIBIS: I left the pre-hearing
11 conference and left Mr. Intriligator
12 prepared to come down, if necessary. He is
13 prepared to come.

14 CHAIRMAN READ: It's your case, Mr.
15 Ribis.

16 MR. RIBIS: I will abide by the
17 request -- he's available. I just thought
18 it would be repetitive of the sworn
19 testimony we've already marked in. I have
20 nothing additional other than what's he's
21 already testified to.

22 CHAIRMAN READ: So you have no
23 further witnesses?

24 MR. RIBIS: No, nothing else.

25 CHAIRMAN READ: Mr. Vukceovich?

1 MR. VUKCEVICH: The Division would
2 rest, also.

3 CHAIRMAN READ: If that's the case,
4 then I suppose we are ready for closings.

5 MR. VUKCEVICH: I'm the first to
6 admit I can be a little windy. I think I've
7 covered most everything in my opening and
8 I'll try to keep this a bit shorter and to
9 the point.

10 CHAIRMAN READ: Let me just say, if
11 you have come to a rather proper conclusion,
12 if you would like to have ten minutes before
13 you begin your closing, either of you, why,
14 I have no problem with taking a brief recess
15 at this time.

16 MR. VUKCEVICH: I'm ready to
17 proceed.

18 CHAIRMAN READ: Fine. Go ahead.

19 MR. VUKCEVICH: In the opening
20 statement which I gave earlier, we went
21 through various transitions and changes
22 which have occurred in the past year in the
23 Trump Plaza Hotel and Casino, some of which
24 did in fact start under the partnership of
25 Mr. Trump with Harrah's Atlantic City.

1 I will limit my comments in this
2 closing to the areas which were of
3 particular concern to the Division. Those
4 areas concern the acquisition of Mr. Trump
5 of stock in other gaming-related entities in
6 the State of New Jersey which particularly
7 include Holiday and Bally. Also it concerns
8 the manner in which the Trump organization
9 entered into the proposed relationship with
10 Kern as concerns the Australian gaming
11 market.

12 As concerns Bally and Holiday, the
13 Division, based upon the evidence to date as
14 was presented before the Commission at this
15 hearing, is satisfied that the applicant has
16 met it's affirmative obligation in that
17 regard.

18 Based upon the record as
19 established herein, the Division would not,
20 therefore, interpose an objection to the
21 relicensure or the renewal of the license of
22 Trump Plaza Associates.

23 Although the Division does not
24 interpose an objection, the Division would
25 note that it is concerned about the manner

1 in which the Trump organization entered into
2 the proposed relationship with Kern.

3 The law firm of Ribis, McCluskey
4 and Graham on behalf of Mr. Trump did submit
5 a letter to the Commission outlining future
6 procedures which would be followed. After
7 reviewing same, which the Division received
8 this morning, the Division would conclude
9 that those procedures seem to be a bit
10 light, to put it mildly. The Division
11 would, therefore, suggest that it will
12 maintain an open dialogue with Mr. Ribis and
13 the Trump organization concerning procedures
14 and would suggest that perhaps before the
15 current license of Trump Plaza Associates
16 expires that Mr. Ribis or someone on behalf
17 of Mr. Trump could submit a more detailed
18 and finalized program to the
19 Commission concerning proposed mergers, partnerships
20 or plans to go into business with other gaming or
21 gaming- related entities. Thank you.

22 CHAIRMAN READ: Mr. Ribis.

23 MR. RIBIS: Thank you, Mr.
24 Chairman, members of the Commission, Mr.
25 Vukceovich and Mr. Zimmerman.

1 I was happy to hear that the
2 Division has concluded, after the testimony
3 today, that they had no objection to the
4 continuation of the license of Trump Plaza
5 Associates. Of course, we would be glad to
6 have an open dialogue with the Division
7 regarding procedures as to the potential
8 joint ventures in the gaming area, which
9 I'll address later in my opinion.

10 As you've heard very recently from
11 Mr. Hyde, the year 1986 - 87 was a
12 transitional year for the Trump organization
13 with regard to the Trump Plaza property.

14 In May it acquired the 50 percent
15 interest of Harrah's and, just prior to the
16 acquisition, Mr. Hyde became the president
17 of the facility.

18 Under Mr. Hyde's stewardship, there
19 has been significant noted improvement in
20 the operations of the casino-hotel.
21 Specifically, the Division of Gaming
22 Enforcement's report on operations, and I'll
23 quote from it, stated, and I quote: "In its
24 first year of operation under the Trump
25 organization, Trump Plaza Associates has

1 demonstrated one of the best compliance
2 records in the industry."

3 And I'll unquote that; and that's
4 on page six of the report. Further, the
5 report stated that during the past year
6 there had been no complaints filed by the
7 Division against Trump Plaza Associates.

8 Aside from the regulatory
9 compliance which is significant to this
10 Commission, as Mr. Hyde testified, the
11 operating income for the facility for the
12 full year under the Trump organization
13 control increased over 60 percent, and net
14 income for a full year period increased over
15 1600 percent.

16 I think this certainly has to do
17 with Mr. Hyde and his staff's acumen in the
18 casino-hotel industry. Further, there
19 having significant additional improvements
20 in the property, not only proposed but
21 presently under construction. I won't
22 restate them because you just heard Mr.
23 Hyde's testimony. The additional
24 investment, the transportation center, is
25 approximately 35 million dollars, and the

1 upgrading of the facility, including all of
2 the common areas, the restaurants, is a 30
3 million dollar project.

4 So those two projects will reinvest
5 into the facility and into the surrounding
6 area 65 million dollars, which I think is
7 significant. From my experience in the
8 casino industry, that is certainly unusual
9 for a new operation, and this is a new
10 operation, to reinvest that amount of money
11 and new money into the facility itself.

12 Regarding the question of the joint
13 venture with Kern. There is no question
14 that Mr. Trump testified regarding his
15 understanding of what in fact happened
16 regarding Kern and a joint venture with Mr.
17 Trump as to the submission of a joint tender
18 to the New South Wales Government.

19 As Mr. Trump testified, he
20 dispatched me in September for ten days to
21 go to Sydney and to involve myself in the
22 regulatory process, speak to the regulatory
23 officials, speak to the people from the
24 casino control division there, hire counsel,
25 investigate potential joint venture

1 opportunities with an Australian partner.

2 I did speak with the director and
3 his staff of the casino control division,
4 and I did retain counsel, Mr. Kehoe, from
5 the prestigious Sydney firm of Wescott and
6 Baldick.

7 The bottom line as to what I did as
8 an investigation and due diligence into the
9 companies: I did submit a report to Mr.
10 Trump and his general counsel, Mr. Freeman,
11 regarding my trip, a detailed report.

12 Mr. Kehoe continued thereafter to
13 supply information to me directly regarding
14 Kern and other potential joint venture
15 partners. Thereafter, Mr. Trump sent Mr.
16 Fiori, a vice-president at Trump's casino in
17 charge of finance, for almost three weeks to
18 Australia prior to the signing of any
19 agreement. He, again, continued to look at
20 financials and look into Kern and look into
21 the potential joint venture.

22 It wasn't until December that an
23 agreement to proceed with a joint tender was
24 entered into by Mr. Trump with the Kern
25 corporation.

1 Therefore, I would submit the
2 following:

3 A procedure has been submitted to
4 the Commission, and as the Chairman noted
5 and the Division noted, it needs to be
6 beefed-up, and we have no objection to doing
7 that.

8 Certainly Mr. Trump did not go into
9 a joint venture blind with a gaming company.
10 I spent substantial number of hours, not
11 only in Sydney, but back in my own office
12 looking into the joint venture partner.

13 The agreement itself was an
14 agreement to agree. It was not an
15 agreement, it was an agreement to submit a
16 joint venture. Further, we have no
17 objection to having specific procedures
18 followed for the due diligence regarding
19 joint ventures in the gaming business. I
20 submit that today, and I know Mr. Trump said
21 that on the stand today.

22 Now, passing to the major portion
23 of the testimony before the Commission,
24 regarding the acquisition of stock in
25 Holiday, Bally and Resorts.

1 Mr. Trump clearly testified today
2 of his personal and long standing commitment
3 to a competitive and economically sound
4 casino-hotel industry in Atlantic City and,
5 more broadly, his commitment to the
6 revitalization of that area for the benefit
7 of both visitors and citizens of New Jersey.
8 Mr. Trump also explained why he had chosen
9 to pursue substantial investments in
10 Atlantic City and how he tried at all times
11 to comply with the Casino Control Act in
12 making these investments.

13 First, the Trump organization has
14 put down roots in Atlantic City. Mr. Trump,
15 as much as anyone, has a major stake in the
16 economic vitality, the growth and the
17 competitiveness of the area. As the
18 Commission well knows, Mr. Trump has staked
19 hundreds of millions of dollars on the bet
20 that Atlantic City will grow and prosper.
21 Mr. Trump is committed to Atlantic City. He
22 has tried to make Trump Plaza and Trump
23 Castle examples of true excellence for
24 Atlantic City and the gaming industry. Now,
25 as you know, Mr. Trump is prepared to expand

1 his investment and to commit to an even
2 greater extent the proposed investments in
3 Resorts International.

4 As he testified today, his plan is
5 two fold:

6 First, he wants to help Resorts
7 overcome its current financial difficulties
8 and to bring its new Atlantic City casino
9 the Taj Mahal, to consumers faster and at a
10 lower cost. Also, as Mr. Trump testified,
11 his plan as two parts. The second aspect is
12 to invest in the general improvement of
13 Atlantic City's neighborhoods by, among
14 other things, evaluating the development
15 potential of Resorts' significant land
16 holdings throughout this city as a basis for
17 low and moderate income housing.

18 In short, he will continued to
19 place his reputation, integrity and
20 investment dollars behind Atlantic City as
21 an area of growth and promise. These
22 actions, I believe, speak for themselves and
23 need no defense.

24 Mr. Trump's testimony today puts to
25 rest once and for all any possible concern

1 on the part of the Commission or the
2 Division of Gaming Enforcement regarding Mr.
3 Trump's past investments in Holiday and
4 Bally. The details of these two investments
5 are a matter of record, and therefore need
6 not be restated here. I'm sure it's fresh
7 in your mind, you just heard the testimony.

8 First, why did Mr. Trump pursue
9 these investments? The short answer is
10 because he thought they were good ones. As
11 he candidly testified, when initially
12 evaluating each of these companies, it was
13 his conclusion, based on his experience in
14 this industry, that their stock was
15 substantially under value. Mr. Trump
16 therefore believed as prudent businessman
17 that these companies presented a worthwhile
18 investment opportunity.

19 But Mr. Trump had another important
20 objective, and that was to explore the
21 possibility of acquiring additional stock,
22 first, in Holiday, and later in Bally, as he
23 has done in Resorts.

24 Whether he would have pursued
25 additional investments in either of those

1 companies would have depended upon similar
2 circumstances to those that finally led him
3 to a decision to invest in Resorts. Those
4 considerations included, the growth
5 prospects of the companies and their
6 competitive potential.

7 In other words, as Mr. Trump
8 testified; if a company had valuable assets
9 that could be made more valuable through
10 improved management, he will tend to view
11 such a company as an attractive candidate
12 for a substantial long-term investment, as
13 is true in the case of Resorts.

14 The second question Mr. Trump
15 addressed is how the Commission should
16 evaluate actions table by incumbent
17 management in the face of investments such
18 as his.

19 At the outset, the Commission
20 should recognize that Mr. Trump did not
21 control the decisions made by the management
22 of Holiday or Bally. Rather, it was the
23 fiduciary obligation of those boards of
24 directors to their shareholders which led
25 them to take the actions they did.

1 As for the particular actions taken
2 by Holiday and Bally, it would seem, as the
3 Commission has already considered and
4 determined, that the boards of directors in
5 those companies acted in a way that was
6 beneficial to their stockholders. Suffice
7 it to say, it would make little sense for
8 Mr. Trump as an investor to encourage them
9 to take actions that would diminish the
10 value of his stock or foreclose his options
11 to increase his investments.

12 Moreover, the record is clear in
13 Mr. Trump did not buy stock with the intent
14 of seeking a premium but, rather, to make an
15 sound investment.

16 Of his three investments, only
17 Bally resulted in a repurchase of his stock.
18 Then only because of subsequent events,
19 including, the burdens of litigation, and
20 the regulatory problems caused by Bally's
21 acquisition of Golden Nugget, which could
22 have prevented him from eventually making
23 further investments in that company.

24 Finally, I would like to address
25 the issue of preserving competition in this

1 industry.

2 Let me state the obvious; Atlantic

3 City is one of the most intensely

4 competitive industries in the country; not

5 simply because the Commission is the

6 guardian of the industry's integrity, but

7 because of regulatory safeguards the

8 Commission has insured competitiveness as a

9 goal of the casino industry, and Mr. Trump

10 testified he whole-heartedly endorses that

11 concept. In this regard each of Mr. Trump's

12 investments, Holiday, Bally and Resorts,

13 were conditioned upon prior review and

14 approval by the federal anti-trust

15 authorities, namely, the Department of

16 Justice and the Federal Trade Commission.

17 In fact, all three transactions were

18 reviewed by those agencies and received

19 clearance, as did Bally's acquisition of

20 Golden Nugget. In addition, had Mr. Trump

21 chosen or been able to proceed with

22 additional investments in Holiday or Bally,

23 those transactions would have been subject

24 to the review and approval of this

25 Commission; just as the Resorts' transaction

1 will be considered by the Commission
2 hopefully in the near future.

3 Moreover, as a general proposition,
4 Mr. Trump can attest to the competitiveness
5 of the casino-hotel industry in Atlantic
6 City. Within the bounds of discretion
7 allowed by the Casino Control Act and the
8 regulations promulgated thereunder, all
9 participants in the casino industry compete
10 as hard as they can to attract customers to
11 Atlantic City and to persuade them to come
12 to their individual casinos.

13 Mr. Chairman, you and the
14 Commissioners know how this process works
15 better than I do, and you also know, I
16 believe, the extent of Mr. Trump's
17 committment to be second to none as a
18 vigorous competitor.

19 What he has done with his existing
20 establishments is what he proposes to do
21 with Resorts; make it fun, attractive,
22 efficient and competitive.

23 In conclusion, therefore, I submit
24 that the purchase of the stock by Mr. Trump
25 in Holiday and Bally are consistent with the

1 aims of the Act to insure casino gaming in
2 Atlantic City remains vital, competitive,
3 and economicall sound.

4 Thank you.

5 CHAIRMAN READ: Thank you, Mr.
6 Ribis.

7 Any questions from the Commission
8 for Mr. Ribis or Mr. Vukcevich?

9 I should say we frequently do have
10 questions with respect to operations.

11 I still miss Commissioner
12 Jacobson's question regarding the zero and
13 double zero; I think the answers would
14 probably be consistent with those he always
15 got when he asked the question.

16 Are there any questions that the
17 Commission has for any operating officer?

18 If there are none, I would suggest
19 that, quite frankly, some of the materials
20 that were delivered Thursday afternoon were
21 delivered after I departed. Other materials
22 that came to us as exhibits we received
23 today. I have not yet had an opportunity to
24 review all of those.

25 I would be inclined at this point

1 to suggest an adjournment overnight -- I
2 anticipated the matter was going to go two
3 days, in accordance with the schedule
4 originally outlined, and I would like to
5 have the opportunity to review the materials
6 which we have not had the opportunity to
7 review yet, so that we can meet tomorrow
8 morning and reach a conclusion.

9 We will do that then and reassemble
10 at 10:00 a.m. tomorrow morning.

11 (Off-the-record discussion)

12 CHAIRMAN READ: Ten o'clock
13 tomorrow morning came early.

14 It was called to my attention that
15 there are several financial sources who have
16 been unreported on.

17 I think probably the easiest way to
18 handle the matter is that, if we could
19 possibly do it, we will add it as an
20 additional item for this Wednesday's agenda.
21 I think that's unlikely, in view of
22 everything, but I think that within a week
23 or ten days we certainly should have things
24 straightened out to a degree where we can
25 reconvene in an open meeting on 48 hour's

1 notice. We will let you know in plenty of
2 time.

3 We will do it on that sort of a
4 time frame. MR. RIBIS: Is this on the
5 issue of the three financial sources?

6 CHAIRMAN READ: That is the starting point.

7 MR. RIBIS: Okay. There is no way to -

8 CHAIRMAN READ: I don't think we can resolve
9 it before the end of April, is what I'm
10 suggesting to you. MR. RIBIS: I think that
11 you know my scheduling problem. Mr. Freeman
12 has the same problem. CHAIRMAN READ: I
13 understand.

14 With that sort of an understanding
15 then, we will give you as much notice as we
16 possibly can.

17 We will stand adjourned at this
18 time. We will not be meeting tomorrow
19 morning at 10:00 a.m.

20 Thank you.

21 (Hearing adjourned at 3:25 p.m.)

22

23

24

25

C E R T I F I C A T I O N

I, GREGORY T. DIDONATO, Certified Shorthand Reporter and Notary Public of the State of NEW JERSEY, do hereby certify that the foregoing is a true and accurate transcription of my Stenographic Notes in the matter of:

APPLICATIONS OF TRUMP PLAZA ASSOCIATES AND SEASHORE

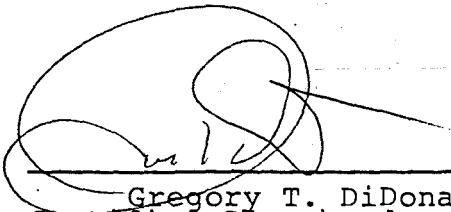
FOUR ASSOCIATES FOR RENEWAL OF CASINO LICENSES

held at the place and on the date hereinbefore set forth.

I FURTHER CERTIFY that I am neither attorney nor counsel for, nor related to or employed by, any of the parties to the action in which this hearing was taken.

AND FURTHER that I am not a relative or employee of any of the parties or attorney or counsel employed in this case, nor am I financially interested in the case.

Dated: 4/29/87



Gregory T. DiDonato
Certified Shorthand Reporter

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