

ORIGINAL

STATE OF NEW JERSEY
CASINO CONTROL COMMISSION

IN RE: CONSOLIDATED FINANCIAL :
STABILITY HEARING OF TRUMP TAJ MAHAL :
ASSOCIATES, TRUMP HOTEL MANAGEMENT :
CORPORATION, TRUMP'S CASTLE :
ASSOCIATES LIMITED PARTNERSHIP AND :
TRUMP PLAZA ASSOCIATES :

Tuesday, June 18, 1991
Atlantic City Commission Office
Tennessee & Boardwalk
Atlantic City, NJ 08401
10:15 a.m.

VOLUME IV

B E F O R E:

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

2 ON BEHALF OF THE TRUMP ORGANIZATION

3 RIBIS, GRAHAM & CURTIN, ESQS.,

4 BY: JOSEPH A. FUSCO, ESQ.

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6 SENIOR VP LAW TRUMP TAJ MAHAL ASSOCIATES

7 PATRICIA M. WILD, ESQ.,

8 INHOUSE COUNSEL FOR TRUMP PLAZA

9 ROBERT M. PICKUS, ESQ.,

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11 ON BEHALF OF THE TAJ MAHAL BONDHOLDERS STEERING
12 COMMITTEE

13 GREENBERG MARGOLIS, ESQS.,

14 BY: MARTIN L. GREENBERG, ESQ.

15 GUY S. MICHAEL, ESQ.

16 ON BEHALF OF MR. ICHAN, UNICORN ASSOCIATES CORPORATION
17 AND TORTOISE CORPORATION

18 WILENTZ, GOLDMAN & SPITZER, ESQS.,

19 BY: BRIAN J. MOLLOY, ESQ.

20 ON BEHALF OF THE TRUMP CASTLE BONDHOLDERS STEERING
21 COMMITTEE

22 LOWENSTEIN, SANDLER, KOHL, FISHER & BOYLAN, ESQS.,

23 BY: PETER H. EHRENBERG, ESQ.

24

25

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Ribis - Cross by Auriemma

1 CHAIRMAN PERSKIE: Good morning.

2 Look over here at this great expansive space.

3 COMMISSIONER DODD: A distinct lack
4 of interest.

5 CHAIRMAN PERSKIE: It shows you what
6 happens.

7 We will reconvene the hearing this
8 morning, today being the 18th. The record will
9 reflect that all of the members of the Commission are
10 present.

11 Mr. Ribis, where are you? Good
12 morning. You are still under oath. If you will
13 resume the chair, I think we were at the stage where
14 it was Mr. Auriemma's opportunity to play.

15 Anything that we need to know before
16 we commence?

17 MR. FUSCO: No, Mr. Chairman.

18 CHAIRMAN PERSKIE: Okay.

19 CROSS-EXAMINATION

20 BY MR. AURIEMMA:

21 Q Mr. Ribis, I am just going to go down
22 various things. Let's start with Trump Plaza first.
23 Yesterday in a discussion with the Chairman we talked
24 about the Regency lease and the real estate tax
25 payments and is it fair to say just to recap that the

Ribis - Cross by Auriemma

1 May 1 real estate tax payments on Trump Regency were
2 not paid and you are currently in arrears?

3 A That's correct. The Regency hasn't paid.

4 Q The Regency has not paid up.

5 And the subject of who will pay those
6 plus the taxes on a going forward basis is still
7 subject to negotiation with Manufacturers Hanover
8 Trust Company?

9 A Yes. That's an obligation of the
10 Regency. It's not an obligation of the Plaza and that
11 is the arena of the discussion right now.

12 Q And the mere fact that those taxes were
13 not paid, is there any recourse to Trump Plaza by
14 virtue of the nonpayment of those taxes?

15 A No, not at the present time.

16 CHAIRMAN PERSKIE: So what's at stake
17 on that there then is simply The Trump Organization's
18 ownership in the Regency?

19 THE WITNESS: Just the Regency's
20 obligation to pay the taxes, that's correct.

21 CHAIRMAN PERSKIE: But I mean in
22 default of that payment, who's got recourse against
23 whom?

24 THE WITNESS: Well, we have already
25 defaulted on the mortgage there. We have not

Ribis - Cross by Auriemma

1 defaulted but we are not current on our payments at
2 the present time.

3 CHAIRMAN PERSKIE: The "we" in that
4 case is the Trump Organization?

5 THE WITNESS: Well, it's a separate
6 company. It's the Regency partnership.

7 CHAIRMAN PERSKIE: Okay. But my
8 point is it's separate from Trump Plaza?

9 THE WITNESS: That's correct.

10 BY MR. AURIEMMA:

11 Q One of the things I had asked about at the
12 close of day yesterday was the cash position of Trump
13 Plaza. Could you just go through that and give a
14 breakdown?

15 A Sure. After I finished we went and
16 prepared a memo for you which I believe Mr. Fusco has,
17 but it's 2.3 million dollars in cash above the cage.
18 The cage is restricted funds, is five million dollars
19 and a five million dollar available line of credit.
20 That's how I got to my 13. It's really 12.3. So I
21 was incorrect.

22 Q The line of credit that's with People's
23 Bank?

24 A That's correct.

25 Q Now, with respect to the five million

Ribis - Cross by Auriemma

1 dollar interim facility with People's Bank, A-61 was
2 admitted in evidence yesterday evidencing that
3 commitment; is that correct?

4 A That's correct.

5 Q And as of today, subject to the Division
6 reporting on People's Bank as a financial source, are
7 those funds available?

8 A They will be available as soon as--they
9 are available as soon as this hearing is completed.
10 That was the only condition to the availability of the
11 money was the completion of these hearings before the
12 Commission today, but it's available.

13 CHAIRMAN PERSKIE: Completion with
14 certain results I assume?

15 THE WITNESS: Well, successful
16 completion of these hearings before the Commission,
17 yes.

18 MR. AURIEMMA: With respect, Mr.
19 Chairman, members of the Commission, with respect to
20 People's Bank as a financial source the Division, of
21 course, was apprised some time ago that People's Bank
22 and the Plaza was negotiating a line of credit. We
23 commenced a financial source investigation at that
24 point.

25 CHAIRMAN PERSKIE: What caused the

Ribis - Cross by Auriemma

1 initiation? Was this an application by Peoples or by
2 the Plaza for that?

3 MR. AURIEMMA: No. Well, the
4 documents that were filed on a weekly basis with the
5 Commission.

6 CHAIRMAN PERSKIE: Right.

7 MR. AURIEMMA: Reiterated the fact or
8 iterated the fact that they were negotiating a 10
9 million dollar line of credit, and based on oral
10 conversations we assume that there would be a line of
11 credit. So as not to cause a hitch we commenced the
12 financial source investigation.

13 CHAIRMAN PERSKIE: Which is presently
14 ongoing?

15 MR. AURIEMMA: Presently ongoing.
16 Our intention is if we are back here on Thursday
17 and/or Friday, I believe I will be able to report on
18 them. I am not sure I will be able to write a letter
19 by then since I am going to be here tomorrow as well,
20 but I will be able to report on their qualification as
21 a financial source.

22 CHAIRMAN PERSKIE: Let me ask on that
23 one point, on that line of credit, either the five or
24 the eventual 10, has any of that been advanced at this
25 point?

Ribis - Cross by Auriemma

1 THE WITNESS: No, it has not and it
2 would not be--we don't need it, number one. But,
3 number two, it won't be advanced until they are a
4 qualified financial source.

5 CHAIRMAN PERSKIE: What was then the
6 source of the 16 or 17 million dollar interest payment
7 that the Plaza made on Friday on the bonds?

8 THE WITNESS: Internal funds. Funds
9 from the property.

10 CHAIRMAN PERSKIE: All of it?

11 THE WITNESS: All of it.

12 CHAIRMAN PERSKIE: None of it was
13 advanced by that bank or any other?

14 THE WITNESS: No.

15 MR. AURIEMMA: That's our
16 understanding as well and our investigation has shown
17 that it came from internal sources.

18 CHAIRMAN PERSKIE: All I know is what
19 I read in the papers.

20 MR. AURIEMMA: Sometimes they know
21 more than we do.

22 CHAIRMAN PERSKIE: And sometimes a
23 whole lot less.

24 BY MR. AURIEMMA:

25 Q Mr. Ribis, you have read the Division of

Ribis - Cross by Auriemma

1 Gaming Enforcement report which has been admitted into
2 evidence as D-10?

3 A I have.

4 Q With respect to the jackpot liability at
5 Trump Plaza, do you agree that the jack--progressive
6 jackpot liability for all links in excess of \$100,000
7 is approximately 3.3 million dollars?

8 A Yes, that's a correct number.

9 Q And that's referred to on page 11 of the
10 Division's report?

11 A Yes. It was in the report.

12 Q Let me just ask this again to make it
13 crystal clear. On the five million dollar interim
14 facility with People's Bank, that's an unsecured line
15 of credit?

16 A That's correct.

17 Q On the 10 million dollar line which is
18 still the subject of further negotiations with
19 People's Bank, is that anticipated also to be an
20 unsecured line or backed by some collateral?

21 A We haven't finalized those negotiations
22 and since they will be participant banks obviously
23 there could be some security, but we have not
24 completed those discussions and they will take place
25 over the next 30 days.

Ribis - Cross by Auriemma

1 Q Let's focus now on the Taj for the
2 moment. Completion of the theater is something that
3 is required under terms with the Housing Authority?

4 A That's correct.

5 Q And that theater was supposed to be
6 completed by the spring, but there were subsequent
7 extensions granted. Can you tell us where that whole
8 situation stands at the moment?

9 A Yes. We have been dealing with the
10 Housing Authority on a weekly basis and updating them
11 as to the precise requests as to an extension. We
12 have an extension, I believe it's through early July,
13 but we have indications there will be an additional
14 extension. They want to be kept up-to-date as to the
15 status of the property and we have not run into any
16 problems with respect to extending that time period.
17 Obviously at this time it's not our intention to move
18 ahead with the completion of the construction of the
19 theater building until some later date.

20 Q Since yesterday have you been apprised or
21 received any information as to further vote
22 tabulations with respect to the bondholders?

23 A I have, but I would like to hold that
24 until later in the hearing when Mr. Molloy, he is with
25 one of our lawyers right now, and they should be here

Ribis - Cross by Auriemma

1 sometime over the next 45 minutes to an hour. So I
2 would like to leave that until that point if I could,
3 Mr. Auriemma.

4 Q That's fine.

5 Let's focus--

6 A It was very, very optimistic that the
7 Chair's requests will be complied with.

8 Q Let's focus on the Castle for the moment.
9 We are now presented with a term sheet agreement which
10 I sort of labeled yesterday Taj like in nature. That
11 replaces what had been contemplated on April 29 which
12 was the creation of a new series of bonds and the
13 payment of the interest payment at the Castle from
14 cash flow?

15 A Yes. The exchange offering time period
16 has ended. We have not exchanged any bonds for the
17 new series A-3 bonds and, as I explained yesterday,
18 that during the process of doing the A-3 exchange and
19 our discussions with the bondholders we looked for a
20 long-term fix for this property.

21 Q It had also been contemplated in your
22 testimony on April 29 that there would be a parking
23 lot sale and that the Castle would receive 4.9 million
24 dollars. Is it fair to say that that occurred?

25 A There was a contract and there was a

Ribis - Cross by Auriemma

1 deposit and the contract has been terminated by the
2 parties to the contract and deposit returned to the
3 Taj Mahal.

4 Q Is it fair to say that other than the--
5 CHAIRMAN PERSKIE: Excuse me, that
6 deposit was how much?

7 THE WITNESS: About \$950,000.

8 BY MR. AURIEMMA:

9 Q Is it fair to say that other than the
10 nonpayment of the Castle bonds yesterday that the
11 Castle is current on all of its other debts?

12 A Yes. It's current on all other debts.

13 Q Do you have a cash position with respect
14 to the Castle at the moment?

15 A Yes. As I explained yesterday, I believe
16 the cage is approximately four and-a-half million
17 dollars and the cash above the cage is approximately
18 seven million dollars. So it's about 11 million
19 dollars.

20 Q And there are no other lines of credit
21 that are available at the Trump Castle?

22 A No. As I explained yesterday, the
23 completion of the negotiations with the bondholders
24 included the 10 million dollar availability, cash
25 availability above cage funds on an ongoing basis.

Ribis - Cross by Auriemma

1 CHAIRMAN PERSKIE: Excuse me, and the
2 source of that would be from where?

3 THE WITNESS: The source of the money
4 would be internal funds. In other words, it would be
5 10 million dollars above the restricted cage funds on
6 an ongoing basis. It could be never--you could never
7 sweep to an amount less than that 10 million.

8 BY MR. AURIEMMA:

9 Q With respect to progressive jackpots, is
10 it fair to say that there are currently progressive
11 jackpots in excess of \$100,000 which total in the
12 aggregate 1.6 million dollars at the Castle?

13 A Yes. That was in your report, that's
14 correct.

15 Q With respect to the term sheet agreement
16 with the Steering Committee of Castle bondholders, I
17 asked Mr. Foss yesterday about a board of directors.
18 I would like to ask you about that and I would also
19 like to ask you whether you believe that that
20 agreement contemplates an Audit Committee consisting
21 of outside individual bondholders?

22 A Well, our Audit Committees, as you know,
23 have always consisted of two independent outside
24 members and one member who was Mr. Freeman who is the
25 chairman of each of the Audit Committees. That will

Ribis - By Vice Chair Armstrong

1 remain the same. There--that was part of our original
2 licensing and there will be--I am sure the audit
3 process will remain consistent with what the
4 Commission did years ago. Our board of directors will
5 be--a majority of the board will be Trump
6 representatives.

7 MR. AURIEMMA: I have nothing
8 further. Thank you.

9 CHAIRMAN PERSKIE: Does any member of
10 the Commission have any questions for Mr. Ribis at
11 this time?

12 VICE CHAIR ARMSTRONG: I do.

13 CHAIRMAN PERSKIE: Vice Chair.

14 EXAMINATION

15 BY VICE CHAIR ARMSTRONG:

16 Q Mr. Ribis, I believe you indicated on
17 cross that during the exchange offer, which you
18 testified to back in April, that during that process
19 the Castle began to look for a long-term fix for the
20 property. Was that as a result of the lack of
21 successful results with regard to the exchange offer?

22 A That's a good question. The answer
23 is--the answer is no. What happened was that I was
24 new on the job and so was Mr. Wagner and as I worked
25 through with Mr. Wagner and his people it was Mr.

Ribis - By Vice Chair Armstrong

1 Wagner's feeling and my feeling, which I communicated
2 to Mr. Bollenbach and Mr. Freeman and Mr. Trump, that
3 it would be a much better thing to do to not have the
4 constant pressure of these interest payments under the
5 current arrangement, the better fix would be a
6 long-term fix and I think that's what led ultimately
7 to the discussions which ended up in this term sheet
8 and that's how it came about. It was an operational
9 decision then taken to an executive level.

10 Q Do you have any thoughts on why the
11 exchange offer was not successful?

12 A Oh, I think the change offer would have
13 been successful. I'm not sure that the exchange offer
14 would have served on a long-term basis the property
15 well because it didn't reduce his debt. It was just
16 an additional--it was an exchange of new bonds for old
17 bonds and although it was an idea that was a good
18 idea, it was not the longer term fix, and I think that
19 the Commission when I was here, I think the
20 Commission's reports and the Division's reports kind
21 of honed in on a longer term fix for the property and
22 then we took a hard look at it and I think that our
23 results were about where we expected them, but then
24 when we sat down and looked at it, we said all we are
25 doing is continuing--continually chasing our tail. We

Ribis - By Vice Chair Armstrong

1 didn't want to do that anymore. We wanted to get a
2 longer fix for the property and that's how we came up
3 with the term sheet and our discussions with the
4 bondholders which I think does that.

5 Q Mr. Ribis, what degree of confidence can I
6 place in A-55-A which is the nonbinding outline of
7 principal terms apparently negotiated by the Steering
8 Committee of the Castle? I have to tell you it is
9 unsettling to find ourselves on June 17 in this
10 position and I am looking for any kind of confidence
11 that any of these witnesses can give me as to what
12 degree of faith I should place in this.

13 A I think that the Commission can take note
14 of the history of how we dealt with the Taj
15 situation. As you know, we are here in December and
16 we had what I consider is a much less professionally
17 done term sheet and we used that as a model for what
18 we did here. I have a high degree of confidence. I
19 wouldn't have gone down this road and let the exchange
20 offering terminate by its date which was I believe
21 July--June 11 if I didn't have a high degree of
22 confidence. It wouldn't have been what we wanted to
23 do here. So that I can assure the Commission from our
24 standpoint, that is Trump Castle's, that we believe
25 unequivocally that we have reached a deal with the

Ribis - By Vice Chair Armstrong

1 Bondholder Steering Committee.

2 As you know, it's difficult because
3 you are not dealing with one institution and I think
4 that Mr. Nut's explanation of how a Steering Committee
5 is put together really clarified it not only for you
6 but for me in that there is a much broader knowledge
7 of what's going on here and there has been for weeks
8 and weeks and so I can give you from our side, we
9 would not have done this transaction with the
10 bondholders if we didn't have a high degree of
11 confidence that we were going to complete it, and we
12 anticipate completing it along the timetable which was
13 put in the term sheet at our request because we want
14 it completed as expeditiously as possible.

15 So I have a high degree of confidence
16 and I recommended to Mr. Trump that we do this and so
17 I believe Mr. Bollenbach and Mr. Freeman did because
18 we believe that we have reached an agreement with the
19 Bondholders Steering Committee and that's what this
20 term sheet illustrates and we worked long and hard to
21 do that and obviously we made a decision that we
22 should do this rather than an interim fix.

23 Q So what you are saying is that completing
24 or attempting to complete the exchange offer and then
25 taking a bit more time to work out the more longer

Ribis - By Vice Chair Armstrong

1 term arrangement was not a feasible combination of
2 events?

3 A The bondholders themselves said to us when
4 we finally sat down, because that was one of the
5 avenues obviously we could have followed, let's fix
6 this and we had meetings with the Putnam
7 representatives who I think hold about 20 percent of
8 the bonds here and they wanted a long-term fix. They
9 would rather see a long-term fix for the property than
10 an exchange offering which was a year-to-year thing
11 and after looking at it and discussing it, Mr. Wagner
12 and Mr. Freeman and me went up to Boston, I guess it
13 was in May, and met with the Putnam representatives
14 and that's--that was our feeling that they felt that a
15 longer term fix is really what we should do here when
16 we were discussing the exchange offering.

17 Q When did individuals on behalf of Castle
18 actually become involved in negotiating that? The
19 Steering Committee was formed and they had their own
20 discussions, when did they come to you and/or to
21 representatives of the Castle?

22 A I don't have it tied down, but I would say
23 we came to a final sometime in the first or second
24 week of May. After our meeting in Boston I think it
25 came to fruition when it was obvious to us that we

Ribis - By Vice Chair Armstrong

1 were able to get a more reasonable arrangement with
2 the attorneys for the bondholders and their committee
3 and their advisors and that's when we decided to move
4 ahead to see if there was something to discuss.

5 Q What is, if you can tell me, contemplated
6 with regard to the management fee for Mr. Trump under
7 that agreement? Is that a fee in consideration for
8 services if he would render comparable to what you
9 have at the Taj?

10 A I listened to Mr. Foss. I don't think
11 it's going to be that complicated. I think it is a
12 straight management fee of \$1,500,000 and it's a fee
13 to be paid to Mr. Trump. We have not defined it any
14 further than that at this point.

15 Q You don't anticipate that being a problem
16 working out the details?

17 A We don't. It's something they agreed to
18 and there was not much difficulty in reaching that
19 number or having them agree to that type of fee.

20 Q When you were here in April there was some
21 discussion and testimony about FMR and the Plaza in
22 1992 and I think your perspective was that you felt
23 secure with regard to working that out for 1991 which
24 clearly has been done, but I think you indicated some
25 concerns about 1992 that proceeding with a second deal

Ribis - By Vice Chair Armstrong

1 comparable to what you have just done to be very
2 expensive. Has there been any further thought or
3 consideration given to what's going to happen in 1992?

4 A Sure, there has been further discussion.
5 I have had many, many discussions with Mr. Harmatz. I
6 went up to Boston once to meet with him.

7 CHAIRMAN PERSKIE: This is with
8 Fidelity?

9 A Fidelity, yes. He is head of the two
10 funds we deal with. We have other plans. I have been
11 dealing with Mr. DeSanctis with regard to that payment
12 and obviously the completion of these hearings,
13 successful completion of these hearings is a priority
14 and I can assure the Commission that I don't have any
15 level of concern that I will have a problem with the
16 '92 payment and I view the FMR '92 arrangement to be a
17 backup to other things that I could do with the
18 property and we went through a period of transition
19 with Mr. Etes's death, the property for a year
20 and-a-half didn't have a firm hold on the management
21 and now we have that and so that going forward I am
22 confident that '92 is not going to be--we are planning
23 a year ahead of time so that gives you a lot of time.

24 CHAIRMAN PERSKIE: If I may, let me
25 interrupt for a second on that point. If I understand

Ribis - By Vice Chair Armstrong

1 that agreement correctly, you don't--it's not quite
2 your call.

3 THE WITNESS: That's right.

4 CHAIRMAN PERSKIE: You don't have the
5 ability on your own to determine that that's how the
6 payment is going to be made. It's entirely their
7 option but if they exercise it, it's exercised on
8 those terms, that is essentially it?

9 THE WITNESS: That's correct.

10 CHAIRMAN PERSKIE: So really--

11 THE WITNESS: It's not a put or a
12 call, it's a hybrid and I didn't want them--

13 CHAIRMAN PERSKIE: My point is who
14 has something as a result of that? I don't see that
15 anybody does.

16 THE WITNESS: We both do. As I see
17 it that if the property is doing well we won't need it
18 and I don't want to have to be forced to do it and
19 that's why it ended up to be a hybrid.

20 CHAIRMAN PERSKIE: But the point is
21 you can't be forced to do it anyway. Oh, I see it, if
22 they call it you can.

23 THE WITNESS: Yes.

24 CHAIRMAN PERSKIE: If you don't
25 otherwise make the payment they can require this

Ribis - By Chairman Perskie

1 transaction on those terms?

2 THE WITNESS: And I can assure you
3 they will.

4 VICE CHAIR ARMSTRONG: I don't have
5 any other questions at this point.

6 CHAIRMAN PERSKIE: Anybody else have
7 any questions?

8 Mr. Ribis, I am sure we will probably
9 have some questions after everybody else gets done,
10 but let me just for the moment ask a couple of other
11 things.

12 EXAMINATION

13 BY CHAIRMAN PERSKIE:

14 Q I think you had mentioned, it might have
15 been Mr. Bollenbach, I'm not sure, if you feel more
16 comfortable having him answer I will deal with it with
17 him, but on the credit lines at the Taj ahead of the
18 bonds, the total amount on that is 75 or 100?

19 A It's 100, but he will explain it to you.
20 I would appreciate it if you would deal with him on
21 that one, Mr. Chairman.

22 Q The votes we will get a little later.

23 Who, is it you or he that talked to
24 me about the status of the subcontractors at the Taj?

25 A I can address that.

Ribis - By Chairman Perskie

1 Q What's the status there?

2 A The status is that we on confirmation have
3 to present them with 20 million dollars face of bonds
4 which we will do.

5 Q And that doesn't--that's not triggered
6 until confirmation?

7 A That's correct.

8 Q The Regency, beyond the real estate taxes
9 that were due May 1, what's the status of any other
10 obligations that the Plaza has with respect to the
11 Regency lease?

12 A With Manufacturers Hanover we had entered
13 into as part of the overall transaction last year a
14 lease arrangement. The lease payments pursuant to
15 that agreement as you know have not been paid
16 currently and we have negotiated a revised arrangement
17 which is part of the term sheet which you have in
18 front of you.

19 Q And pursuant to this, that term sheet, the
20 Plaza will be responsible for the ongoing operating
21 costs of the Regency?

22 A Until sold, yes, that is correct.

23 Q Including the real estate tax?

24 A We haven't--that's one of the areas we
25 haven't discussed. That's an open issue. We have not

Ribis - By Chairman Perskie

1 finalized that. If we have to be responsible we will
2 be, but that is an open issue as well as the
3 final--when the final agreements are done, we have not
4 finalized that.

5 Q It's expressly contemplated by you and by
6 the bank that the Regency will be sold?

7 A Yes.

8 Q No particular timetable?

9 A As soon as possible.

10 Q Pending which it's at least possible from
11 your point of view, the real estate taxes accumulate
12 unpaid?

13 A They won't accumulate unpaid. It will be
14 resolved over the next short period of time as we do
15 the documents.

16 CHAIRMAN PERSKIE: All right, as I
17 have indicated, I hope you will keep yourself
18 available.

19 Mr. Auriemma, do you have any other
20 questions?

21 MR. AURIEMMA: No, not at this time.

22 CHAIRMAN PERSKIE: Thank you.

23 MR. FUSCO: The licensees will call
24 Stephen Bollenbach.

25 CHAIRMAN PERSKIE: The guy that has

Bollenbach - Direct by Fusco

1 been writing all the letters.

2 MR. FUSCO: Yes.

3 S T E P H E N F. B O L L E N B A C H, having been
4 first duly sworn, testified as follows:

5 DIRECT EXAMINATION

6 BY MR. FUSCO:

7 MR. FUSCO: Mr. Bollenbach's
8 testimony will relate to A-54, Mr. Chairman, and
9 members of the Commission.

10 CHAIRMAN PERSKIE: Mr. Fusco, please
11 be sure in the discussions of this document that you
12 ask Mr. Bollenbach to address his attention to the
13 handwritten interlineation on the MidLantic execution
14 of A-54.

15 BY MR. FUSCO:

16 Q Mr. Bollenbach, you have testified in
17 these proceedings during April and now we are back and
18 A-54 has been marked into evidence in these
19 proceedings. Could you describe to the Commissioners
20 its content and where we are with this document?

21 A Yes. This document represents the work
22 that we have done over the last several months with
23 the various banks that have made loans to--have loans
24 outstanding to Donald Trump and it's the successful
25 conclusion of agreements with the banks which are

Bollenbach - Direct by Fusco

1 exactly in economic terms what we have been working on
2 the whole time and results in Donald Trump's financial
3 stability.

4 CHAIRMAN PERSKIE: Are all of the
5 banks that were involved with The Trump Organization
6 and/or involved in the original Credit and Override
7 Agreement encompassed in A-54?

8 THE WITNESS: Yes, they are.

9 CHAIRMAN PERSKIE: There was a
10 reference at some point I saw somewhere to Chase
11 Manhattan. They are not in here.

12 THE WITNESS: Yes, they are. Chase
13 is signature to--

14 CHAIRMAN PERSKIE: They are not the
15 one then I am thinking of.

16 THE WITNESS: To the all encompassing
17 letter as well as to their individual term sheet.

18 CHAIRMAN PERSKIE: Hold on a minute
19 then. It was--hold up just a minute. The reference I
20 think it was in one of our Division of Financial
21 Evaluation reports and I can't find it. Why don't you
22 proceed and I will attempt to find the one I was
23 looking for. Go ahead, Mr. Fusco.

24 BY MR. FUSCO:

25 Q Mr. Bollenbach, you were describing what

Bollenbach - Direct by Fusco

1 A-54 has accomplished.

2 A Well, I think what it's accomplished is to
3 assure that Donald Trump is financially stable. It
4 encompasses agreements that reduce his personal
5 obligations on these various loans to a very
6 manageable amount and set a time frame even with those
7 manageable amounts as to when they could be called and
8 basically pushes any calls out for a period of five
9 years. It represents agreements each of the
10 individual banks as to how their individual loans will
11 be dealt with. It represents an agreement as to how
12 the funds that were advanced to Trump last summer, the
13 so-called new money, how that will be dealt with.
14 Basically it is an agreement among all his banks to
15 reduce their claims on Trump, provide for the sale of
16 certain assets, but not very many assets, but certain
17 of the assets and I think assures us all that Trump is
18 financially stable.

19 MR. FUSCO: I also make reference to
20 exhibit A-57, Mr. Chairman.

21 BY MR. FUSCO:

22 Q A-54, of course, is the executed term
23 sheet, Mr. Bollenbach. A-57 is an exhibit also in
24 these proceedings. Could you comment for the
25 Commissioners?

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1 A A-57 is a letter from Tom Cherubino who
2 you know has testified before this Commission before
3 and is A partner at Willkie, Farr & Gallagher who
4 works with us on documenting the various agreements we
5 have with the banks in this. In this letter Mr.
6 Cherubino says that he believes that we will be able
7 to close the final agreements with the banks within 90
8 days. By the way, I endorse that. I think that these
9 banks have worked with us long and hard and they are
10 as anxious as we are now to finish the technical part
11 of this transaction, the documentation of our
12 agreements and get that behind us.

13 Q Mr. Bollenbach, the Chairman made inquiry
14 regarding the signature of MidLantic National Bank to
15 A-54.

16 A Right. Let me find that.

17 CHAIRMAN PERSKIE: The pages aren't
18 numbered.

19 A Their term sheet is signed by Ben Berzin,
20 the senior VP of the bank, which we have worked
21 closely with on this transaction. At MidLantic we
22 have also worked with Bill McCoy, who is Ben's boss,
23 and also at times with the Chairman of the bank, Gary
24 Shearing. This letter is signed by Ben on behalf of
25 the bank and he makes a note provided however the

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1 schedule one is incorrect as it relates to MidLantic.
2 What he is referring to is schedule one at the
3 headings on the top of the sheets there is a column
4 that says released and Ben's comment is to be sure
5 that we recognize that this document does not release
6 the 49 million dollars personal obligation of Trump,
7 but that will be released in another document which
8 will encompass the things that are necessary to do in
9 order to sell the Penthouse site and that will be the
10 document that will release Trump.

11 CHAIRMAN PERSKIE: Can we get a
12 letter to that effect from the bank?

13 THE WITNESS: I hope that we could
14 fairly quickly provide you with the documentation that
15 completes the Penthouse. Certainly before 90 days.

16 CHAIRMAN PERSKIE: Okay, but the
17 point is with respect to the extent to which he
18 asserts that his signature doesn't bind him to
19 schedule one, in that it is incorrect, if what he
20 means by that is what you say he means, that's fine,
21 but he ought to be able to provide you and you us with
22 that elaboration on the amendment to his signature
23 which explains what he means by schedule one being--if
24 all he means is the release of the 49 is not effected
25 by this schedule, but rather by that transaction

Bollenbach - Direct by Fusco

1 consistent with the terms of the term sheet, that's
2 something frankly I think we would have understood
3 anyway.

4 THE WITNESS: Well, he has told me
5 that. Let me simply ask him if he will write a letter
6 and direct it to you.

7 CHAIRMAN PERSKIE: Direct it to you
8 and you get it to us.

9 THE WITNESS: Okay, I will ask him
10 that.

11 BY MR. FUSCO:

12 Q Mr. Bollenbach, at the end of the period
13 when this transaction is documented and closed, do you
14 have an opinion as to the financial stability of Mr.
15 Trump as a qualifier to the three casino licenses
16 through the period of May 1993?

17 A Well, I think it's absolutely clear that
18 Trump is qualified and financially stable. This
19 collection of documents makes Trump one of the most
20 qualified of any operator I think in Atlantic City in
21 terms of financial stability.

22 MR. FUSCO: Mr. Chairman, I know
23 there will be other questions at this point. They are
24 the questions I have for Mr. Bollenbach on direct.

25 CHAIRMAN PERSKIE: All right. Mr.

Bollenbach - Cross by Auriemma

1 Auriemma.

2 CROSS-EXAMINATION

3 BY MR. AURIEMMA:

4 CHAIRMAN PERSKIE: By the way, just
5 while you are coming up, I meant to indicate yesterday
6 in the exhibit C-13 which is the Division's
7 financial--excuse me, the Commission's Division of
8 Financial Evaluation report there is a typo on page
9 two. It refers to an 18.1 million dollar cash
10 balance, July 1 1991. It should more accurately refer
11 to July 1, 1990 I think.

12 BY MR. AURIEMMA:

13 Q Mr. Bollenbach, with respect to these term
14 sheets, the one bank that was part of the Credit and
15 Override process that's not here is Marine Midland
16 Bank; is that correct?

17 A That's right, and the reason they are not
18 is their only involvement was in relationship to a
19 property in Palm Beach and we had some time ago
20 reached an agreement with them and transferred that
21 property in exchange for release. So they are no
22 longer a party to the Trump group of banks.

23 Q With respect to that there was a
24 restructuring agreement in toto that was introduced as
25 A-34?

Bollenbach - Cross by Auriemma

1 A Yes.

2 Q Now, in understanding what is exactly
3 happening here, with respect to the new money facility
4 from last summer, the 65 million dollars, what as of
5 today is the approximate balance left on that line?

6 A My recollection is that it's approximately
7 45 million dollars.

8 Q Left--

9 A Has been drawn.

10 Q Has been drawn so there is approximately
11 20 million dollars left to be drawn?

12 A There was a reduction in that amount when
13 we sold a 727 jet plane and we reduced that amount my
14 recollection is by six million dollars. So that
15 differential is available today under that line,
16 although we anticipate cancelling that line as a part
17 of this transaction.

18 Q Right. When you were here in April it was
19 anticipated by your testimony that there would be
20 additional draws upon that line at that point?

21 A That's right, and we do have that
22 feature. We have changed the format slightly in that
23 instead of drawing cash the banks have agreed to
24 release collateral.

25 Q So in essence--

Bollenbach - Cross by Auriemma

1 A Which is really the same thing.

2 Q So in essence there would be no further
3 draws on that particular line?

4 A We don't anticipate anymore draws because
5 they will release collateral to us.

6 Q The cash then that will come into Mr.
7 Trump and the organization for use throughout the
8 organization then depends upon the sale of certain
9 condominiums in Trump Tower?

10 A Well, that's the source that we have
11 targeted.

12 Q Well--

13 A That's our budgeted source.

14 Q Is it fair to say that in August, October
15 and December of 1991 it's anticipated from that source
16 that two million dollars in each of those months will
17 come into the organization for use--

18 A Yes. That is our budget.

19 Q And at present are there any contracts for
20 sale of any of those condos?

21 A There has been a lot of discussion with
22 qualified buyers and it's my belief that a contract
23 could be entered into immediately if we wanted to on
24 one or more of those units, but I think we will
25 probably continue to work on that and be sure we are

Bollenbach - Cross by Auriemma

1 getting the best price possible for the apartments.

2 Q Is it also possible that any of those
3 units could be mortgaged by Mr. Trump?

4 A Yes, that would be.

5 CHAIRMAN PERSKIE: They are not now
6 pledged to anything?

7 THE WITNESS: No. They will be
8 released from--they are currently held by the banks
9 under their new money facility and in lieu of
10 advancing us funds against those units they basically
11 release the units to us so if we wanted we could
12 borrow from someone else.

13 CHAIRMAN PERSKIE: How many units are
14 involved?

15 THE WITNESS: My recollection is
16 there is I think it's 10, 10 units, 10 apartments.

17 CHAIRMAN PERSKIE: Those apartments
18 that are anticipated to generate the 18 million
19 dollars of which The Trump Organization gets to keep
20 55 percent or 10 million?

21 THE WITNESS: 10 million, right,
22 exactly.

23 CHAIRMAN PERSKIE: So they will have
24 to average \$1,800,000 a unit?

25 THE WITNESS: Yes, they are easily

Bollenbach - Cross by Auriemma

1 salable at that. These are units in Trump Tower and
2 the real estate market, as we all know, is not the
3 best that it's ever been in New York, but the top of
4 the market sells, still sells very well in New York.

5 CHAIRMAN PERSKIE: All the units are
6 the same or do they vary?

7 THE WITNESS: They vary.

8 CHAIRMAN PERSKIE: What's the
9 smallest?

10 THE WITNESS: The size, I'm sorry, I
11 just don't know the answer to that.

12 BY MR. AURIEMMA:

13 Q In April you and I had a discussion about
14 the cash position of Trump Organization at that point
15 and it was somewhere between 1.6 and 1.8 million
16 dollars and essentially it's pretty much the same as
17 we speak today?

18 A I think that part of it is the same, but I
19 think that one of the things that we didn't focus on
20 very well is that you are looking at a very tiny part
21 of the Trump enterprise and you are looking at that
22 tiny part and you are saying that there is a small
23 amount of money in this tiny part of the
24 organization. Now, that is correct in that small part
25 of the organization we keep small cash reserves and so

Bollenbach - Cross by Auriemma

1 your number is correct as to that small part of the
2 total enterprise.

3 Q And, of course, we know that Taj Mahal has
4 30 million dollars plus house funds that Mr. Ribis
5 testified to and also Trump Castle has those fund, is
6 that what you are referring to as well?

7 A And the Plaza Hotel in New York has funds
8 in it and the Trump Shuttle has funds in it and there
9 is money either in or available to Trump Palace and if
10 you went through each of the operating businesses they
11 all have their funds available to them, sometimes in
12 excess of what they need for operations, sometimes
13 dedicated to future operations.

14 Q The other thing we focused on in April was
15 the fact that Mr. Trump's ex-wife was living in a
16 triplex I guess it's called which your testimony at
17 that point was that it's worth a lot of money and was
18 unincumbered?

19 A That's correct and still correct.

20 Q And that divorce settlement requires a
21 four million dollar payment to her upon her giving
22 notice that she intends to quit that facility; is that
23 accurate?

24 A That's my recollection of the divorce
25 agreement.

Bollenbach - Cross by Auriemma

1 Q And there is a period of time to pay that,
2 right?

3 A Right.

4 Q As far as you know there has been no
5 notice by Mr. Trump's ex-wife that she will, in fact,
6 quit the premises and that a four million payment is
7 due?

8 A I know that there has been no such notice.

9 Q The Credit and Override Agreement from
10 last summer, is it a fair statement to say that they
11 essentially stay in place subject to modification?

12 A Well, I think that's a--that's not a
13 complete statement because I think one needs to
14 understand the modifications will be quite dramatic
15 and while the skeleton of some of those agreements
16 stay in place, they basically stay in place because
17 they provide benefits for Trump and the parts of the
18 agreement that don't provide benefit will go away when
19 we finish these papers.

20 Q The one thing that stays in place for sure
21 is that the pledge of Mr. Trump's equity in the three
22 casino hotels will stay in place?

23 A That is one thing that stays in place.

24 Q Is it also fair to say that--

25 A Another thing that stays in place is it

Bollenbach - Cross by Auriemma

1 defers any obligation on Trump to make payments on
2 certain loans for many years into the future.

3 CHAIRMAN PERSKIE: What does that
4 mean? Does that mean that the equity pledge of his
5 interest in all three casinos securing these
6 obligations can't be called for five years?

7 THE WITNESS: Basically that's what
8 it means.

9 CHAIRMAN PERSKIE: It's the word
10 basically--

11 A That's what it means. That's what it
12 means.

13 Q There are other allocations of loans that
14 can be made as well if I understand it correctly. For
15 example, the piece of property owned by Seashore Four
16 Associates--

17 A Right.

18 Q --that is something new to the system?

19 A No. It's not new to the system. What we
20 did in working out the new money facility is that in
21 some cases some of the banks felt more comfortable in
22 moving their position closer to an asset that they
23 understood and in all cases had some other
24 involvement. So in the case of Seashore Four, First
25 Fidelity--

Bollenbach - Cross by Auriemma

1 Q Seashore Four is--owns property--a Trump
2 owned facility or entity which owns land under the
3 Trump Plaza?

4 A That's exactly right, and First Fidelity
5 felt more comfortable in moving I'm going to use the
6 word moving closer to all of the banks that had a lien
7 on that property and basically the banks allowed First
8 Fidelity to have a superior position to them as to
9 that property in exchange for which First Fidelity
10 released Trump of personal obligation.

11 Q And there were others as well?

12 A Yes, there were others. Nat West changed
13 in similar manner as did Manufacturers Hanover.

14 Q Tell me, with respect to that allocation,
15 is that allocation something that is at the discretion
16 of the bank or is that at the discretion of Mr. Trump?

17 A The discretion in what--

18 Q To allocate those particular loans to
19 particular pieces of collateral?

20 A Well, it is done now. So it's an agreed
21 allocation now--

22 Q So there is no discretion then?

23 A There is no discretion. We have agreed to
24 that.

25 Q Previously with respect to Trump Castle,

Bollenbach - Cross by Auriemma

1 there was a concept that an entity that is Trump owned
2 called Don Van, which was formerly the helicopter
3 services entity, purchased Castle bonds. That I
4 assume is not going to occur?

5 A No. We still have that agreement in place
6 with CIT and that may indeed occur in the future.

7 CHAIRMAN PERSKIE: Sorry, that's
8 Castle bonds?

9 MR. AURIEMMA: Castle bonds, right.

10 BY MR. AURIEMMA:

11 Q Don Van, let me go over it a little bit
12 more, Don Van has currently approximately 10 million
13 dollars in the account from the sale of various
14 helicopters?

15 A Right.

16 Q And the contemplation was, at least in
17 April, was that Don Van may purchase Castle bonds?

18 A That's right.

19 Q And--

20 A And, in fact, it did purchase some Castle
21 bonds.

22 Q And ultimately would use funds from those
23 bonds to pay off obligations to the CIT group?

24 A I think what we are doing, Mr. Auriemma,
25 is we were substituting those bonds for the existing

Bollenbach - Cross by Auriemma

1 collateral that CIT has which is liens on helicopters.

2 Q There is no recourse by CIT to Mr. Trump
3 personally, is there?

4 A There is. It's to the extent they have a
5 loss they have I believe a 14 million dollar guarantee
6 from Trump which would come due in about four years.

7 Q Referring to A-54 which is your term sheet
8 agreements and schedule one which is part of that, is
9 that CIT guarantee anywhere on that document?

10 A No, it's not.

11 Q Other than this 14 million dollar personal
12 guarantee and the personal guarantees that are on
13 schedule one, which I will go over in a minute, are
14 there any other personal guarantees of Mr. Trump?

15 A No, there are none others--none other.

16 Q Let's--do you have that schedule one in
17 front of you?

18 A Yes, I do.

19 Q Again, that's part of A-54, correct?

20 A Yes.

21 Q In general terms, is it fair to say that
22 ultimately there is a deficiency pool created of 115
23 million dollars to certain banks?

24 A I think it would be correct to say there
25 will be continuing guarantees for various banks of 115

Bollenbach - Cross by Auriemma

1 million dollars which will continue to guarantee
2 certain loans that they have outstanding.

3 Q And some of those deficiencies put a cap
4 on the amount of money that Mr. Trump would be liable
5 for?

6 A They all do.

7 Q They all do. So for, let's just take
8 one--

9 A Not only a cap in term of dollars, but
10 also a cap in terms of time in that even if those
11 dollars were ultimately required to be paid, they
12 would not be paid for a period of five years and there
13 would be no interest on those. So even though that
14 schedule totals to 115 million dollars, even if it was
15 all to be paid, we recognize it wouldn't be paid for
16 five years and since there is no interest on it, I
17 think we would all say that the current value of the
18 obligation that Trump has is significantly less than
19 115 million dollars.

20 Q Let's focus for a minute on the bank
21 number two there which is Citibank. Under that column
22 Plaza junior I presume, right?

23 A Yes.

24 Q And ultimately on your category equity,
25 liens, mortgages there is a figure of approximately

Bollenbach - Cross by Auriemma

1 133 million dollars?

2 A That's right.

3 Q Is Mr. Trump personally liable for that
4 loan with respect to the Plaza Hotel in New York?

5 A Yes, he is.

6 Q And he remains liable on that?

7 A Yes, he does.

8 Q Let's go down to the Chase Bank.

9 CHAIRMAN PERSKIE: Sorry, I need to
10 understand that a little better than I do. That 133
11 figure is under the vertical column equity, liens or
12 mortgages not under contingent liability.

13 THE WITNESS: That's right.

14 CHAIRMAN PERSKIE: So the 115 of
15 contingent liability is over and above certain other
16 claims such as that one primarily for which he remains
17 personally liable?

18 THE WITNESS: That's the largest one
19 and the primary distinction in my mind is that that is
20 a loan, that 133 million is easily, easily covered by
21 the value of the asset and indeed the banks have said
22 to us that if we would return or if we would sell that
23 asset to them for the amount of that loan they would
24 be happy to release Trump from his guarantee. The
25 fact is we don't want to sell the Plaza Hotel for what

Bollenbach - Cross by Auriemma

1 is a small, relatively small amount of--it's not a
2 price that is acceptable to the Plaza, but we could
3 sell them the Plaza. They would release Trump from
4 that obligation.

5 CHAIRMAN PERSKIE: Of the 212 million
6 that's in that column altogether, under equity, liens
7 or mortgages--

8 THE WITNESS: Yes.

9 CHAIRMAN PERSKIE: --how much of that
10 212 is he personally on?

11 THE WITNESS: All of that.

12 CHAIRMAN PERSKIE: And the other 12
13 million that is below that line, three loans I guess
14 NatWest, Manufacturers and First Fidelity, he will
15 remain personally obligated on those as well?

16 THE WITNESS: No. Those he would not
17 remain personally obligated on.

18 CHAIRMAN PERSKIE: And in the next
19 column, 115 is the contingent liability you have
20 spoken of?

21 THE WITNESS: Right.

22 CHAIRMAN PERSKIE: Now under that
23 there is another 22 million.

24 THE WITNESS: Which he would remain
25 obligated.

Bollenbach - Cross by Auriemma

1 CHAIRMAN PERSKIE: Will.

2 THE WITNESS: Yes.

3 CHAIRMAN PERSKIE: On the same
4 contingent term that is the five year restriction on
5 enforcement.

6 THE WITNESS: Yes. There is a
7 difference that is not apparent from this schedule is
8 that those loans below 115 million dollar will accrue
9 interest.

10 CHAIRMAN PERSKIE: Okay, so that
11 actually his contingent liability is 100--almost 148?

12 THE WITNESS: Yes, sir.

13 CHAIRMAN PERSKIE: Plus the 212 that
14 he is on anyway that are secured by assets other than
15 his signature as well.

16 THE WITNESS: Yes, sir.

17 MR. AURIEMMA: You covered it
18 perfectly.

19 BY MR. AURIEMMA:

20 Q Let me just ask a couple other questions
21 then.

22 Just give us an update on the Boston
23 Safe transaction with respect to the Trump Princess.

24 A We have signed the documents, made
25 arrangements to sell the yacht to the bank in exchange

Bollenbach - By Chairman Perskie

1 for relief of all of the debt and other obligations of
2 Trump. I believe the only thing that is holding up
3 the closing is one of the banks has lost their
4 mortgage. We suggested maybe we didn't have to pay
5 them, but they would rather search their vaults and
6 files to find the mortgage. That's what is holding it
7 up.

8 CHAIRMAN PERSKIE: It's not recorded
9 anywhere?

10 THE WITNESS: We have thought of
11 always asking to see our notes and mortgages when they
12 demand these payments. Bankers Trust has been unable
13 to locate the mortgage.

14 CHAIRMAN PERSKIE: There is a
15 malpractice insurer someplace who has just checked
16 into a hospital.

17 MR. AURIEMMA: I have nothing
18 further, Mr. Chairman, of Mr. Bollenbach.

19 EXAMINATION

20 BY CHAIRMAN PERSKIE:

21 Q Mr. Bollenbach, let me ask first, I don't
22 know if you were in the room when Mr. Ribis fobbed
23 this one off on you, but I want to ask about the
24 hundred million dollars at the Taj.

25 A Yes.

Bollenbach - By Chairman Perskie

1 Q The senior credit lines that are
2 contemplated. When you were last here you indicated
3 that for the business terms you testified to those
4 were going to be easy loans to achieve and that it was
5 in the interest of the organization not to achieve
6 them until it had to. Is that still your position?

7 A Absolutely.

8 Q Have there been substantive discussions
9 with any banks with respect to those lines?

10 A Yes, there have. We have had substantive
11 discussions, detailed and substantial discussions
12 primarily with Bankers Trust including the chief
13 credit officer of the bank. They have given us the
14 outline of the term sheet, but in order to--well, let
15 me say that better. It's not an outline of a term
16 sheet. It is a detailed term sheet that outlines the
17 loans that they be prepared to give the pricing--

18 Q Forgetting the pricing for the moment,
19 describe the contours of the proposed agreement
20 understanding that nobody has signed anything yet.

21 A It would be a first mortgage on the
22 property for 100 million dollars total credit, part of
23 which would be--all of which would be available to be
24 drawn and repaid on a revolving basis.

25 Q What would be the term of the loan?

Bollenbach - By Chairman Perskie

1 A I have forgotten. It's shorter than the
2 bonds. I'm going to say five years and if it's any
3 different than that I will let you know.

4 Q And the obligations, the current
5 obligations will be just interest or would there be an
6 amortization schedule?

7 A There would be no amortization schedule.

8 Q So it's essentially interest only as you
9 draw down the money for a term of maybe five years?

10 A Yes, and the ability to draw money, repay
11 it, draw it again, a standard revolving credit
12 facility with--

13 Q At this point I assume you have not
14 thought through or don't have any particularly focused
15 strategy on where ultimately the 100 million gets
16 placed in terms of refinancing?

17 A Well, actually I wouldn't expect that
18 money would ever be drawn. The use of those funds are
19 to be used in the event the Taj does not earn enough
20 interest, does not earn enough to pay its interest on
21 the restructured bonds. My opinion is that we will
22 always earn enough to pay that. So this is an
23 emergency facility, stand-by facility.

24 Q Is that drawable only for interest for the
25 bonds or is it drawable for any deficiencies in

Bollenbach - By Chairman Perskie

1 operating costs? Suppose you get hit with a
2 progressive, for example?

3 A Half of it is to be used to pay for
4 interest on the bonds, the other half be used for
5 things like being--

6 Q Working capital?

7 A It's working capital, right.

8 Q In your discussions with the several banks
9 attendant to A-54, has it been made clear as far as
10 you are concerned that any credit or resource that is
11 contemplated there with respect to the equity interest
12 in the casinos would be subject in any case to
13 appropriate applications and approval by the
14 Commission?

15 A They are all aware of that, but there is
16 really no change in the current liens. These are all
17 liens that are currently in place and all we are doing
18 is moving banks, reallocating who goes where. There
19 would be no new lien.

20 Q That leads me to my next subject really.
21 It's the same subject in a different way. The subject
22 generically is cross-collateralization and what I am
23 interested in focusing on is the extent to which any
24 potential default in any of these loans may as far as
25 the organization is concerned or as far as the banks

Bollenbach - By Chairman Perskie

1 are concerned constitute a basis to move against any
2 one or more of the equities in the casino. Let's talk
3 about that for a few minutes. As you understand it,
4 to what extent, if at all, is there any
5 cross-collateralization on this equity?

6 A I think in some cases there are primary
7 liens against the equity. Now, I don't know if we are
8 referring to that as a cross-collateralization, but
9 there are certain banks that have an equity--have a
10 charge on Trump's equity and in the event that they
11 were not paid could move directly against that
12 equity. First Fidelity comes to mind.

13 Q Now, what loan is that, for example?

14 A That's as to Trump's equity on the Taj.
15 They have a 78 million dollar charge.

16 Q Okay, and what else? Assume for the
17 moment a default in that loan which causes them
18 subject again to coming here first, causes them to
19 move against his equity in the Taj, what as far as you
20 are concerned would under those circumstances be the
21 ramifications with respect to the Plaza or the Castle?

22 A I don't believe that it would effect the
23 Plaza or the Castle.

24 Q Same question essentially generically with
25 respect to each of the loans, are there any loans that

Bollenbach - By Chairman Perskie

1 as far as you are concerned are so structured so that
2 in the event of a problem on any one they have
3 ramifications beyond the asset that secures them or
4 the five year deferred commitment that he has got
5 personally that would in effect ripple from one
6 property to the other?

7 A It's absolutely clear in my mind that
8 nothing of that nature could happen for a period of
9 five years. After a period of five years--

10 Q Well, arguably if after five years he is
11 called on any one of those obligations that he hasn't
12 made, presumably a case could be made that he doesn't
13 any longer as--as a required financial source or as a
14 required qualifier of financial stability, I
15 understand that part.

16 A Right.

17 Q The question I am asking is whether for
18 the five year period any default or any failure in any
19 one of the obligations either in connection with any
20 one of the hotels or in connection with any asset
21 other than the hotels gives anybody the right to move
22 against any of the hotels or any other hotel?

23 A I believe that there are certain rights to
24 do that which are subject, whose rights are subject to
25 waiver by one-third of the banks, and it's my belief

Bollenbach - By Chairman Perskie

1 that in any case there would be waiver so that there
2 was not a crossover effect if I can use that word.

3 Q Okay, I hear you.

4 CHAIRMAN PERSKIE: Mr. Fusco, I think
5 we will need some presentation very specifically on
6 that point. To the extent that this structure permits
7 any type of I use the term cross-collateralization
8 generically, it might not mean exactly that. What I
9 am getting at is does any default in any one of these
10 loans presumably attendant to any one hotel constitute
11 an active default--an act of default or an incident of
12 default with respect to any other and to the extent it
13 does, I would like to have that laid out very
14 specifically this afternoon if you can, otherwise
15 tomorrow.

16 BY CHAIRMAN PERSKIE:

17 Q On the Chase question, it appears that I
18 had asked rhetorically a little while ago, Chase has
19 signed as I see it A-54, but there is no specific term
20 sheet with respect to them. Is that because--

21 A No, there is one with respect to them.

22 Q There is?

23 A It's kind of a nil case because basically
24 we are not asking them to change any of those loans.

25 Q Right, I see, no changes, no changes, see

Bollenbach - By Vice Chair Armstrong

1 June 1991 proposal letter.

2 A Right, and in that letter they signed.

3 Q MidLantic we talked about.

4 You testified I think or somebody did
5 about the zoning status of the Penn Yards the last
6 time we were here. Are you familiar with that?

7 A Yes, I am.

8 Q Any change since our last hearing in that
9 respect?

10 A Donald Trump continues to work on that
11 personally and spends probably as much time on that as
12 any other thing, any other business activity that he
13 is involved in and it's moving forward.

14 CHAIRMAN PERSKIE: That's all I have
15 at this point.

16 Anybody else on the Commission have
17 any questions for Mr. Bollenbach?

18 Vice Chair.

19 EXAMINATION

20 BY VICE CHAIR ARMSTRONG:

21 Q Mr. Bollenbach, I think it's pretty
22 apparent that the proposed sales of the Trump Tower
23 apartments is pretty significant to Mr. Trump's
24 financial stability. I hear what you are saying that
25 the apartments are very salable. Unfortunately, I

Bollenbach - By Vice Chair Armstrong

1 have heard that before before this Commission, not
2 from you necessarily, but from other entities and have
3 been asked to hang my decision on the fact that
4 certain assets are salable. I want to ask you about
5 the "what if." What if they are not sold on the
6 proposed schedule, what are Mr. Trump's alternatives
7 if those sales don't pan out?

8 A Commissioner Armstrong, I think that
9 that's our budget to sell these unit, but I think it's
10 not correct to focus on that as being a--an important
11 part of Trump's financial stability. I think that
12 what we have achieved with all these agreements is to
13 basically relieve Trump from enormous obligations and
14 we protected for him huge assets that we have talked
15 about and testified here before about. So basically
16 what you have is somebody with great wealth, great
17 opportunities and we have laid out a budget that shows
18 how he covers things like personal expenses, advice of
19 lawyers, my salary, for example, and then we laid
20 out--

21 CHAIRMAN PERSKIE: Is that an
22 important part by the way?

23 THE WITNESS: No. It's so small that
24 it would hardly trouble you.

25 A So we have laid out a source for those

Bollenbach - By Vice Chair Armstrong

1 things and we have said, well, the easy source to look
2 at is--he will sell these apartments because they
3 should be sold anyhow. It's not sensible to have
4 vacant real estate in a market where you can sell
5 them. So we have targeted that as the source. But
6 truly that is not the only source and I don't mean to
7 say that it won't be the source because I think it
8 really will. It's a real easy one and, as I said, I
9 think those units should be sold, but I don't think
10 that that's a critical issue in terms of Trump's
11 financial stability.

12 Q I guess the bigger question is his
13 financial flexibility. I mean if things don't go
14 according to what's been submitted to us and if for
15 some reason he needs additional financial resources,
16 what kind of flexibility, financial flexibility does
17 he have?

18 A Well, that's really what I am saying, I
19 think that you basically have a licensee with
20 tremendous wealth and with that comes financial
21 flexibility. I think that what we have really
22 demonstrated over these last months is that we were
23 able to work out problems at a time where Trump had
24 900 million dollars worth of personal guarantees, now
25 having reduced those to maybe 100 million dollars. He

Bollenbach - By Vice Chair Armstrong

1 certainly has flexibility, and I really don't think
2 it's difficult to agree that Trump can come up with
3 the money he needs to do things, as I said, to keep
4 staff employed, personal staff employed, to maintain
5 the things that are personal investments of his. So I
6 don't think it's difficult. Alternatively, even if
7 you didn't, I don't know that that would make Trump
8 financially unstable.

9 CHAIRMAN PERSKIE: How long--

10 A Even if he didn't continue to make some of
11 those personal expenses.

12 CHAIRMAN PERSKIE: How long have
13 those apartments or have they been on the market for
14 sale?

15 THE WITNESS: They really haven't
16 been on the market since they have been collateral for
17 these loans. I think the apartments were probably
18 built four years ago, five years ago. I don't know
19 how long ago, but sometime.

20 CHAIRMAN PERSKIE: But there was a
21 period of time before they were collateralized or used
22 for collateral that they were available for sale?

23 THE WITNESS: I really don't know.

24 CHAIRMAN PERSKIE: Anybody else at
25 this point?

Bollenbach - By Vice Chair Armstrong

1 All right, thank you--Mr. Auriemma,
2 anything further?

3 You may step down, Mr. Bollenbach.

4 We will take a 10 minute recess
5 before we call your next witness.

6 (At which point a break was taken
7 from 11:25 a.m. to 11:43 a.m.)

8 CHAIRMAN PERSKIE: I have had a
9 reasonably unanimous request for a luncheon recess
10 which the Commission being the fressers that we are
11 are inclined to grant. We will recess for lunch and
12 reconvene at 1:30.

13 (At which time a lunch break was
14 taken from 11:45 a.m. to 1:37 p.m.)

15 CHAIRMAN PERSKIE: Mr. Greenberg, are
16 you ready?

17 MR. GREENBERG: Yes, sure, thank
18 you.

19 CHAIRMAN PERSKIE: I wouldn't want to
20 start without you.

21 We are getting coats for those that
22 need them.

23 We will reconvene at this point,
24 again, observing for the record that the full
25 Commission is here.

Bollenbach - Redirect by Fusco

1 Mr. Fusco, are you ready to proceed?

2 MR. FUSCO: Yes, Mr. Chairman.

3 We would recall Mr. Bollenbach to the
4 stand.

5 REDIRECT EXAMINATION

6 BY MR. FUSCO:

7 Q Mr. Bollenbach, you will recall that there
8 was a question by the Commission, Chairman, regarding
9 what could happen by virtue of the
10 cross-collateralization of the casino equity. Could
11 you make a comment?

12 A Yes. I think what I had said is that the
13 Override Agreement is changed in manners which relieve
14 Trump of certain burdens, but the Override Agreement
15 that was described last August to the Commission
16 remains in place and so all of the things that Tom
17 Cherubino testified to during those hearings as
18 relates to collateral--

19 CHAIRMAN PERSKIE: Well, Mr.
20 Bollenbach, the problem with that is that as I look
21 around the room everybody was here last August except
22 for me.

23 THE WITNESS: Ah-hah.

24 CHAIRMAN PERSKIE: So that doesn't
25 help me very much.

Bollenbach - By Chairman Perskie

1 A There was about 150 pages of testimony
2 that Cherubino gave at that time. He is not here
3 right now.

4 EXAMINATION

5 BY CHAIRMAN PERSKIE:

6 Q What's your understanding of how that
7 relates to the question that I asked?

8 A My understanding would be that there could
9 be an event which failing waiver by one-third of the
10 banks could allow the banks to go against the various
11 Trump equities in the casinos.

12 Q Such as?

13 A Such as the Castle, equity in the Castle.

14 Q No, no, what kind of event?

15 A A default. There is a very complete
16 process wherein the banks would have an opportunity to
17 waive that default and if one-third of the banks
18 agreed to that waiver then the default would be cured
19 and there wouldn't be an ability to go against the
20 crossed collateral.

21 Q But as I understand the thrust of the
22 program that you have put together at A-54, it
23 essentially particularizes the collateral of each of
24 the several loans?

25 A That's right.

Bollenbach - By Chairman Perskie

1 Q So that it identifies assets to loans with
2 some degree of specificity?

3 A Right.

4 Q That being the case, what economic
5 significance is left or why is it appropriate to
6 afford a bank whose loans might not be in default the
7 opportunity to object to a waiver that has nothing to
8 do with them?

9 A I think that the answer to that is they
10 have that power now.

11 Q I understand that.

12 A And it's difficult to get them to give up
13 a right they have.

14 Q I understand that too, but you are all,
15 you and we and everybody else remaking the world, if
16 that was a necessary condition to agreement in August,
17 as I understand it it was, because there was no
18 particularizing of the collateral of the security
19 behind the entire 65 million dollar line, and if now
20 all of those loans are being particularized as to
21 collateral, why should there be economic significance
22 in the situation I have just described?

23 A Well, one answer is that all of the loans
24 aren't being particularized or changed. A good
25 example is the junior mortgage on the Plaza Hotel in

Bollenbach - By Chairman Perskie

1 New York. They are not being asked to change anything
2 and because of that their rights that they had when
3 that agreement was put together last summer will still
4 be in place and because their rights stay in place I
5 don't think it's possible to get the other banks to
6 give up their rights. I don't believe it's important
7 to Trump in any regard. I just don't think it's
8 possible to get them to eliminate that provision of an
9 agreement that they currently have, and it's extra
10 difficult because there is one bank group that's not
11 being asked to do it at all. That is the Plaza New
12 York, Plaza junior loans.

13 Q So that it would not be accurate then in
14 any meaningful way to suggest that any one default in
15 any of these loans could not trigger a collapse of the
16 whole thing?

17 A Oh, I think it's accurate to say that
18 there is a procedure in place which would assure that
19 a single default would not result in a cross default.

20 Q Let's take the junior lien on the Plaza.

21 A A default in that, I believe that that
22 default as it relates to the Override Agreement would
23 be waived by one-third of the banks.

24 Q Why would it be waived by one-third of the
25 banks?

Bollenbach - By Chairman Perskie

1 A If there were a default in that loan?

2 Q Or any other.

3 A I believe because, and a good example is
4 on the Trump Shuttle where there have been defaults
5 and they would be waived and the banks told us they
6 have been waived because they don't see any necessity
7 in working cross defaults in order to preserve that
8 particular piece of collateral.

9 Q What you are saying then is that would be
10 an asset specific determination that they would make
11 on a case-by-case basis and they would have--

12 A That is true.

13 Q --and they would have the power to do
14 that?

15 A They would have the power to do that, yes.

16 Q Even those banks who would not be
17 involved, I mean arguably, for example, who has that
18 junior lien on the Plaza, is that Chase?

19 A It's a syndicate of banks led by Chase.

20 Q Chase for the moment. Chase gets a
21 default on that loan, are you telling me that
22 one-third of the rest of the banks not including Chase
23 can waive that default and Chase stands up and screams
24 and says I don't want it waived, but I'm outvoted is
25 that what you are telling me?

Bollenbach - By Chairman Perskie

1 A As it relates to the Override Agreement.

2 Q Yes.

3 A And cross defaults on the Override
4 Agreement. Now, Chase could still work the
5 default--excuse me--

6 Q Against the collateral on the Plaza, that
7 I understand?

8 A That's right, that's right, but the other
9 banks I believe would waive the defaults as it relates
10 to the Override Agreement rather than let that work a
11 default under that agreement.

12 Q And none of those--none of the remaining
13 loans under that structure, the Credit and Override
14 structure that is subject to that are loans that are
15 directly secured by any of the casino assets?

16 A Yes, they are today and they would be in
17 the future under the--

18 Q They are secured by a pledge against
19 Donald Trump's equity?

20 A Yes, sir, that is correct.

21 Q But not against the casino assets
22 themselves?

23 A That is correct.

24 Q And none of those loans is a
25 loan--therefore, none of those loans could be--would

Bollenbach - Recross by Auriemma

1 be defaulted by any default in any of the obligations
2 of one of the three hotels? In other words, a default
3 there would not trigger the defaults under the Credit
4 and Override; is that correct?

5 A Default on the primary mortgages under
6 the--

7 Q Any of the obligations of any of the three
8 licensees would not necessarily trigger a default
9 under the Credit and Override if those obligations
10 were being met; is that correct?

11 A That is correct.

12 MR. FUSCO: Mr. Chairman--

13 CHAIRMAN PERSKIE: I understand it or
14 I think I do.

15 MR. FUSCO: That was our goal, Mr.
16 Chairman.

17 CHAIRMAN PERSKIE: Do you have any
18 other questions you want to ask him?

19 MR. FUSCO: I have nothing further.

20 CHAIRMAN PERSKIE: Mr. Auriemma.

21 RE-CROSS-EXAMINATION

22 BY MR. AURIEMMA:

23 MR. AURIEMMA: Mr. Chairman, you were
24 using the Plaza junior loan as an example, that's a
25 Citibank loan, not a Chase loan.

Bollenbach - Recross by Auriemma

1 CHAIRMAN PERSKIE: All right, thank
2 you.

3 MR. AURIEMMA: To make it crystal
4 clear.

5 BY MR. AURIEMMA:

6 Q Mr. Bollenbach, you were referring to the
7 one-third waiver, you are referring to the procedure
8 Mr. Cherubino described in detail last August when
9 there was a balloting procedure to be effectuated
10 among the override banks; is that correct?

11 A That's right.

12 Q And that balloting procedure is not a one
13 bank one vote procedure?

14 A That's right.

15 Q It's based upon the aggregate amount of
16 loans outstanding to Mr. Trump?

17 A That's right.

18 Q So those banks with larger amounts of
19 loans like Citibank or Chase would have in a
20 simplistic way more of a say than a bank with a lower
21 amount of loans to Mr. Trump?

22 A That's correct.

23 Q Would--if there were a default in the
24 Override Agreement, let me see if I understand it,
25 would that in anyway trigger a default in either the

Bollenbach - By Commissioner Dodd

1 First Fidelity or MidLantic loans?

2 A Do you mean--

3 CHAIRMAN PERSKIE: Sorry, First
4 Fidelity is where?

5 BY MR. AURIEMMA:

6 Q First Fidelity is the loan on the Taj and
7 MidLantic is the loan on the Castle.

8 A No, it would not.

9 MR. AURIEMMA: That's it. Thank you.

10 CHAIRMAN PERSKIE: Anybody on the
11 Commission have any questions for Mr. Bollenbach?

12 COMMISSIONER DODD: Just--

13 CHAIRMAN PERSKIE: Commissioner
14 Dodd.

15 COMMISSIONER DODD: Just a
16 follow-up.

17 EXAMINATION

18 BY COMMISSIONER DODD:

19 Q It would be safe to say that the banks and
20 the voting on the one-third concept is not
21 magnanimous, but based purely on their particular
22 interest and the larger interest they have
23 individually?

24 A Yes, that is correct.

25 Q In the way that they are going to vote so

Bollenbach - Recross by Auriemma

1 it's their interest not to cause a default and so on?

2 A That is correct.

3 CHAIRMAN PERSKIE: All right, thank
4 you--

5 MR. AURIEMMA: Can I ask one more
6 question?

7 RE CROSS-EXAMINATION

8 BY MR. AURIEMMA:

9 Q Let me try a converse of a question I just
10 asked. If there was a default on the First Fidelity
11 loan on the Taj or the MidLantic loan at the Castle,
12 would that trigger a default under the Override
13 Agreement?

14 A Yes, that would.

15 Q And would that then trigger a balloting
16 procedure on the Override agreement?

17 A Yes, it would.

18 Q And that could be waived if one-third of
19 the banks agreed to waive?

20 A Yes.

21 CHAIRMAN PERSKIE: I was all right
22 until that question, Mr. Auriemma. Now I have to go
23 back.

24 EXAMINATION

25 BY CHAIRMAN PERSKIE:

Bollenbach - By Chairman Perskie

1 Q I thought you told me the opposite, a
2 problem on or a default in one of the obligations of
3 the hotels, how does that trigger a default under the
4 Credit and Override Agreement?

5 A A default in one of those obligations is a
6 default under the Override Agreement.

7 Q Any one of them?

8 A Yes.

9 Q Didn't you just tell me a couple minutes
10 ago it would not be?

11 A I don't think so. I don't think I told
12 you that.

13 Q So that, for example, a default at the
14 Taj--

15 A The Taj first mortgage you mean?

16 Q Let me try it again. What kind of a
17 default at any one of the hotels will trigger a
18 default under the Credit and Override?

19 A A default on the primary mortgages would
20 trigger a default under the Override Agreement.

21 Q And that's all?

22 A And under the Credit Agreement also, the
23 new money facility also.

24 Q But those are the only kinds of defaults
25 that would constitute a default under the Credit and

Bollenbach - By Chairman Perskie

1 Override as it would be preserved?

2 A That's right.

3 Q So that, therefore, if I understand it
4 right, if a bond payment at the Taj isn't made, it
5 takes down the Castle and the Plaza as well?

6 A No. If a bond payment was not made at the
7 Taj, it conceptually could trigger a default under the
8 Credit and Override Agreement which if not waived
9 would trigger acceleration of that agreement but it
10 wouldn't have anything to do with what happened as to
11 the bond payments of the Castle or the bond payment at
12 the Plaza because there is no cross between those
13 bonds and a default under the Credit and Override
14 Agreement is not a default under the Castle bonds, for
15 example.

16 Q Or the Plaza?

17 A Or the Plaza.

18 Q And there are no specific loans under the
19 Credit and Override Agreement that go to any one of
20 the three properties?

21 A Yes.

22 Q Or that are secured by any one of the
23 three properties?

24 A That is correct.

25 Q That has Trump equity in them?

Bollenbach - By Chairman Perskie

1 A That is correct.

2 CHAIRMAN PERSKIE: Okay. Anybody
3 have anything further?

4 MR. FUSCO: Excuse me, Mr. Chairman.
5 I have to go through something with Mr. Greenberg.

6 CHAIRMAN PERSKIE: I knew he would
7 have something to say sooner or later.

8 MR. GREENBERG: Mr. Chairman, if I
9 might.

10 CHAIRMAN PERSKIE: Hi.

11 MR. GREENBERG: The spirit has moved
12 me. I accept your offer.

13 CHAIRMAN PERSKIE: I figured at some
14 point along the way it more likely would.

15 MR. GREENBERG: Only briefly I rise
16 if I might to offer into evidence PT, premarked PT-1
17 and 2, P for participant, T for Taj 1 and 2, and I
18 believe I can ask, request that we are agreed at this
19 table, can I make this a joint exhibit, Mr. Auriemma?

20 MR. AURIEMMA: I have no objection to
21 it being admitted.

22 MR. GREENBERG: Thank you.

23 CHAIRMAN PERSKIE: Wait just one
24 second, Mr. Greenberg.

25 MR. GREENBERG: I will wait until you

Bollenbach - By Chairman Perskie

1 read it.

2 CHAIRMAN PERSKIE: In reverse
3 chronological order I note.

4 MR. AURIEMMA: That's right.

5 CHAIRMAN PERSKIE: The first letter
6 in time is PT-2 which is a letter from Willkie, Farr
7 over Mr. Glenn's signature to Mr. Miller, counsel,
8 that's your associate counsel.

9 MR. GREENBERG: That's right.

10 CHAIRMAN PERSKIE: And that says
11 certain bondholders have submitted ballots. This is
12 to confirm that the debtors will not use any ballots
13 they receive in connection with the plan of
14 reorganization without your consent. All right, tell
15 me what that means.

16 MR. GREENBERG: Yes, I will.

17 CHAIRMAN PERSKIE: Who sent it, who
18 did it go to and what does it say?

19 MR. GREENBERG: And what does it
20 mean.

21 CHAIRMAN PERSKIE: Well, we will get
22 to that.

23 MR. GREENBERG: Both these documents
24 are aimed at accomplishing the same objective. One is
25 they are both from Willkie, Farr on behalf of the

1 debtor which is The Trump Organization and one is to
2 Mr. Ichan as it's clear from his letter PT-1.

3 PT-2 is to our cocounsel, the
4 attorney for the Bondholders Committee. Now, the
5 reason for these letters, as I think you have heard
6 yesterday from--in testimony yesterday from Wilbur
7 Ross, normally when solicitations are sought in cases
8 such as this, the bondholders wait until the last
9 minute to vote. They normally do because they don't
10 like surprises and they don't want to be surprised by
11 things that they don't know might happen and no one
12 can predict what will happen between the time of a
13 vote and the time that the solicitation closes or in
14 this case until the filing in bankruptcy occurs. So
15 normally they don't vote. But in an effort to
16 accommodate this proceeding and this Commission the
17 solicitors, people in charge of the solicitation, as
18 well as the Bondholders Committee itself of The Trump
19 Organization, attempted to get people to vote early so
20 that you would have and could reach a number with
21 which you were comfortable.

22 The right incidentally to revoke
23 one's vote in this instance is contained in the
24 solicitation documents, the prospectus, and it says
25 that a bondholder has the right to revoke the earlier

1 in the following two events, one July 15, 1991 and,
2 two, the filing of a reorganization plan in
3 bankruptcy.

4 Now, the bondholders did what, and
5 they are doing what we have asked them to do, but in
6 order to protect themselves and to protect their right
7 to revoke against surprises which may occur between
8 now and whenever, they have requested and have
9 received from The Trump Organization these documents,
10 1 and 2. They are basically identical except for the
11 fact one talks to Mr. Ichan, the other talks to the
12 bondholders that we represent.

13 CHAIRMAN PERSKIE: 1 also purports by
14 its terms to supersede 2.

15 MR. GREENBERG: No, supersedes
16 another document which I have here which I haven't
17 given you yet because I didn't want to confuse the
18 subject.

19 CHAIRMAN PERSKIE: So that the
20 reference in PT-1--

21 MR. GREENBERG: It was grammatically
22 incorrect.

23 CHAIRMAN PERSKIE: The reference in
24 the last line of PT-1 this letter supersedes our
25 letter dated June 17 does not refer to PT-2?

1 MR. GREENBERG: Correct, refers to,
2 if you will, PT-3 which I didn't want to burden the
3 record with because it doesn't exist anymore.

4 CHAIRMAN PERSKIE: Fine.

5 MR. GREENBERG: It is not one of the
6 two documents you hold in your hand.

7 So what we sought to obtain was an
8 agreement that the debtor could not use our ballots
9 without our consent in the event something happens
10 between now and then. In effect, all it does is
11 preserve the rights that we would have had, that we do
12 have under the solicitation document against something
13 like, for example, an early filing in bankruptcy
14 tomorrow, following something that happened tonight at
15 11:00 that I can't tell you about yet. The world as
16 we know it came to end in some form, but 66 and
17 two-thirds percent of the vote are in and you will
18 never know whether you got 50 percent of the holders
19 of the equity, we didn't count everything, but the
20 bottom line is all this does is give us the right we
21 had in the solicitation and, frankly, what this whole
22 concept deals with is the protection of rights granted
23 under the SEC to these bondholders which they have
24 agreed to in effect push to one side, if you will, in
25 an effort to accommodate this Commission by doing

1 something that they very rarely do which is to vote
2 early. That's the purpose of the documents.

3 CHAIRMAN PERSKIE: Mr. Fusco, the
4 representation is made I understand that Mr. Glenn in
5 sending these letters was authorized to do so on
6 behalf of the debtor?

7 MR. FUSCO: Yes, Mr. Chairman.

8 CHAIRMAN PERSKIE: The proposed
9 debtor.

10 MR. FUSCO: Yes. Mr. Glenn is
11 authorized to issue that letter.

12 CHAIRMAN PERSKIE: Mr. Auriemma, do
13 you have any objection to receiving these documents in
14 evidence?

15 MR. AURIEMMA: No, I do not.

16 CHAIRMAN PERSKIE: Mr. Fusco.

17 MR. FUSCO: I have no objection. We
18 join. We would like it to be a joint exhibit, however
19 you mark it.

20 CHAIRMAN PERSKIE: It's been marked
21 PT-1 and 2 on the joint applications of Mr. Fusco and
22 Mr. Greenberg. It will be received and marked into
23 evidence.

24 (PT-1 through PT-2 were marked into
25 evidence)

1 MR. GREENBERG: Thank you very much.
2 That's all I have, Mr. Chairman.

3 CHAIRMAN PERSKIE: Okay.

4 MR. FUSCO: Mr. Chairman, we would
5 also seek to have Mr. Molloy again address the
6 Commission.

7 CHAIRMAN PERSKIE: With bated breath
8 we are waiting.

9 MR. MOLLOY: I don't know if this is
10 the fat lady or not, but I am here.

11 CHAIRMAN PERSKIE: The fat lady
12 sooner or later is up here.

13 MR. MOLLOY: I am a poor substitute
14 for that.

15 CHAIRMAN PERSKIE: Nothing personal
16 to either of you.

17 COMMISSIONER DODD: I wasn't going to
18 say anything.

19 CHAIRMAN PERSKIE: You should say
20 nothing.

21 VICE CHAIR ARMSTRONG: True.

22 MR. MOLLOY: I don't join in that
23 comment.

24 Brian Molloy, Wilentz, Goldman &
25 Spitzer on behalf of the Ichan entities.

1 Mr. Chairman, over the last couple
2 days there has been a lot of effort and I want to
3 publicly say that I appreciate the cooperation I have
4 had from Mr. Fusco, Mr. Ribis and The Trump
5 Organization.

6 I am pleased to announce that the
7 Ichan votes are being cast or at this time have been
8 cast for the prepackaged plan. I have a copy of a fax
9 transmission of the ballot. It is mechanically
10 received by the trustee or being received by the
11 trustee. By the end of the day it will be an
12 accomplished fact. We did agree to do it early at the
13 Commission's request and sometimes those things take
14 effort and I think people cooperated to do that.

15 CHAIRMAN PERSKIE: Well, I appreciate
16 that and I want to receive, subject to anybody's
17 input, the document, but I want to make it very clear
18 the Commission didn't request anybody to do anything.
19 The Commission simply indicated on any number of
20 occasions that there were going to be certain
21 requirements that would have to be met before the
22 Commission acted, among which was a 67 percent
23 approval in writing or confirmation of that in writing
24 at some point. But I don't want Mr. Ichan or anybody
25 else to think that we asked him or anybody else to

1 take any action.

2 MR. MOLLOY: Well, Mr. Ichan and the
3 other bondholders acted in a fashion that would permit
4 this Commission to act in a way that they would see
5 fit. We didn't want any barrier.

6 CHAIRMAN PERSKIE: With that
7 statement I am somewhat more comfortable.

8 MR. MOLLOY: That's really what I
9 meant to say and if I stated it differently I correct
10 it.

11 CHAIRMAN PERSKIE: All right. The
12 document.

13 MR. MOLLOY: I have a fax which I
14 would ask that I have a copy of, which are actually
15 three separate executed ballots on behalf of the three
16 entities.

17 CHAIRMAN PERSKIE: Three corporate
18 entities.

19 MR. MOLLOY: Chelonian, Tortoise and
20 Unicorn and if I could just arrange through your staff
21 to have copies made before I leave they can be marked
22 anyway that you would like.

23 CHAIRMAN PERSKIE: I should think
24 they--I don't know. I don't care. John, how should
25 they be marked.

1 MR. ZIMMERMAN: I still haven't
2 figured out what PT is for.

3 COMMISSIONER DODD: I.

4 CHAIRMAN PERSKIE: I-1, 2 and 3.

5 MR. MOLLOY: I will give them over to
6 your clerk.

7 MR. FUSCO: It doesn't matter, Mr.
8 Chairman. We can mark them with an A.

9 CHAIRMAN PERSKIE: Whatever.

10 MR. MOLLOY: Thank you, Mr. Chairman.
11 (I-1 through I-3 were marked into
12 evidence)

13 CHAIRMAN PERSKIE: Thank you, Mr.
14 Molloy.

15 Can I take a look at those please.

16 For the record I am exhibiting faxes
17 of three two page ballots, one evidencing the
18 signature of Unicorn Associates Corporation by its
19 president under today's date with respect to 21
20 million dollars of self-defiant old bonds voting to
21 accept, a second by Tortoise Corporation again
22 executed by its president under today's date voting to
23 accept on behalf of \$65,929 and Chelonian Corporation
24 also executed today voting to accept on behalf of 70
25 million dollars which is a total of 157 million

1 dollars which is about what, 22 percent, something
2 like that, 23.

3 MR. RIBIS: 22.2--23.2.

4 CHAIRMAN PERSKIE: And then we had 42
5 yesterday.

6 MR. FUSCO: 42.78.

7 CHAIRMAN PERSKIE: 64 and a fraction,
8 so we are about two percent off.

9 MR. GREENBERG: 23.22, 42.78, the
10 other million is in there, 66.

11 CHAIRMAN PERSKIE: We should have had
12 presumably some updated information from the agent,
13 shouldn't we?

14 MR. FUSCO: Yes, but we don't have
15 it.

16 MR. GREENBERG: A million today as an
17 earlier hour.

18 MR. FUSCO: As an earlier hour there
19 was an another million dollars, Mr. Chairman. The
20 folks who were counting for us were not in this
21 morning so my sense--

22 CHAIRMAN PERSKIE: They took the day
23 off?

24 MR. FUSCO: I don't think they took
25 the day off, but I cannot say I have the current

1 amount.

2 CHAIRMAN PERSKIE: Get the
3 documentation in, Mr. Fusco, hopefully by the close of
4 business today with respect to whatever the number
5 will be needed to take us past 450 million dollars.
6 We had 288 and something yesterday, we have 157 today,
7 so you need about 15, 16 million dollars, right?

8 MR. FUSCO: Approximately, Mr.
9 Chairman.

10 CHAIRMAN PERSKIE: We are rounding
11 here.

12 MR. FUSCO: I am sure if I was in
13 Minneapolis I would count the numbers up and you would
14 have them, Mr. Chairman. I just don't. We will have
15 it.

16 CHAIRMAN PERSKIE: Have some sort of
17 documentation in an appropriate fashion submitted. It
18 can be in the same form as we have in A-59, A-59A and
19 B.

20 MR. FUSCO: Yes.

21 CHAIRMAN PERSKIE: It would seem to
22 me just updated as of today.

23 MR. FUSCO: We will do it.

24 At this point, Mr. Chairman, the
25 licensees rest.

Closings by Mr. Auriemma

1 MR. AURIEMMA: We have no witnesses
2 and we rest.

3 CHAIRMAN PERSKIE: Anybody on the
4 Commission have any questions of anybody?

5 Do you desire to proceed with closing
6 arguments?

7 MR. AURIEMMA: I can proceed if
8 that's the Commission's desire.

9 CHAIRMAN PERSKIE: I think so.

10 MR. AURIEMMA: Members of the
11 Commission, I am going to commence my final remarks
12 today by referring to something Commissioner Armstrong
13 stated I believe on May 8 when she voted in favor of
14 the Castle and Plaza license renewals. I believe she
15 stated, and this may be a paraphrase, that June 17 was
16 a real date. Ordinarily I would not be so
17 presumptuous to try to interpret what a Commissioner
18 would have meant by such a statement, but I am going
19 to take a little liberty and attempt to impart to you
20 what I think it means and impart to you the Division's
21 feelings with respect to these proceedings and the
22 proceedings that we have had for the past year with
23 respect to The Trump Organization.

24 As we all know, we have been
25 reviewing Trump financial affairs and matters since

Closings by Mr. Auriemma

1 June of 1990 and we focused on a large number of
2 documents, we have poured over documents, we have
3 heard various witnesses last August, December and
4 earlier this year. We have tried to understand the
5 intricacies of The Trump Organization and the problems
6 that they have encountered and also we have tried to
7 understand the implications of various agreements that
8 have been reached at various times.

9 As is human nature, we all want
10 closure to particular matters. We want some things to
11 finally come to an end so that they are over and they
12 are done with and we can all move onto other issues.
13 In the Division's view we are closer to that end with
14 respect to the Trump financial difficulties that we
15 are to the beginning of the process, but we are
16 nowhere--we are by no means close to finishing it
17 yet.

18 We still have a long road I believe
19 ahead of us and even though today and yesterday were
20 the days when these licensees and Mr. Trump had to
21 establish the financial stability of those four
22 entities, four components, if you will, I think we are
23 at a stage where we can say a lot has been
24 accomplished, but we are still not there yet. That
25 may not be a totally satisfactory answer because it

Closings by Mr. Auriemma

1 doesn't bring to a final conclusion what we all want
2 brought to a final conclusion.

3 The Division's view on each of these
4 four entities is as follows:

5 With respect to the Taj we hoped that
6 a prepackaged bankruptcy would have been filed by June
7 17. It's been a long time since we started the
8 proceedings on December 3, public proceedings on
9 December 3, but it's obvious we are not in that stage
10 at this point. We could attempt perhaps to lay blame,
11 and I'm not sure where it lies, but in any event it
12 took a long time to get the registration statement,
13 disclosure statement approved by the Securities and
14 Exchange Commission so that the bondholders
15 solicitation could commence. In any event, we are now
16 into that formal solicitation process and I think we
17 can be reasonably confident that it will end by mid
18 July and I think from the testimony and the exhibits
19 and the representations that we have heard in this
20 particular proceeding I think we can be reasonably
21 assured, subject to some final numbers coming in from
22 Mr. Fusco, I think we can be reasonably assured that
23 the bondholders of the Taj Mahal will approve it and
24 that a prepackaged bankruptcy will be filed sometime
25 in mid toward the latter--mid or latter part of July.

Closings by Mr. Auriemma

1 Again, I think we recognize or should have recognized
2 in December that even with the filing of a prepackaged
3 bankruptcy whenever that was going to occur was not
4 the end of the process and the process will continue
5 beyond that date and it will continue until
6 confirmation which by a rough estimate will probably
7 be later this fall, and it's a process that is going
8 to require further rulings of this Commission and
9 further approvals of this Commission. Just as an
10 example, we still have to approve certain rulings that
11 we deferred from January 29, and there is also further
12 investigations that are necessary with respect to new
13 directors of the new corporate holding company that's
14 coming into existence. We at the Division understand
15 that and we are going to continue to do what is
16 necessary to see this plan through to conclusion. I
17 think what we said in January was--what the Division
18 said in January still holds true today. We think this
19 plan will work if confirmed and we think that it is
20 the best road possible at this point in time and we
21 should continue down that road although it's been
22 certainly a lot slower than we expected.

23 Turning to the Plaza, that facility
24 made its sinking fund and interest payments in a
25 timely fashion. On behalf of the Division I have

Closings by Mr. Auriemma

1 harped a number of times about the cash position of
2 that facility once the interest payment and sinking
3 fund payments were made. We know now that there is a
4 little over two million dollars of cash. We know that
5 there is an interim credit line in place and hopes for
6 a larger credit line. We know, of course, that there
7 are also house funds. I think we further know that
8 there is some payments coming due, slot machine fees
9 to the Commission on July 1 and real estate taxes on
10 August 1 which have to be paid. I think we are in a
11 position to say that given the cash position and given
12 the credit line that the Plaza has put itself in a
13 position where it can operate adequately on a going
14 forward basis. We are still somewhat concerned about
15 jackpot liability because we do feel that there is
16 always this need to protect the public interest and to
17 ensure that any patron who wins a progressive jackpot
18 that there is sufficient funds available to make those
19 payments. In that regard we would request the
20 Commission to impose a condition which would require a
21 certain amount of funds, whether it be cash and/or a
22 credit line fund, to be expressly set aside for the
23 payment not necessarily of all jackpot liabilities,
24 but a sufficient number of jackpot liabilities.

25 Turning next to the Castle, the

Closings by Mr. Auriemma

1 Castle has had a difficult year. Last year at this
2 time the Castle was in the midst of a default that
3 would not be cured until June 26 with the infusion of
4 20 million dollars of funds from the credit banks.
5 The December interest payment to bondholders was only
6 narrowly made after an infusion of a small amount of
7 funds from an outside source. Yet on April 29 we were
8 told that a bond exchange would occur and that cash
9 flow would be sufficient so that the Castle would make
10 its sinking fund and interest payments on a timely
11 basis. Instead, negotiations with the Steering
12 Committee ensued and, as you know, resulted in
13 agreement which has been marked A-55-A in evidence.
14 We now presumably will embark upon an eight or 10
15 month or whatever process, if permitted by the
16 Commission, to see this plan come to fruition and I
17 believe that that would entail something akin to what
18 we have seen in the Taj, filings with the SEC, waiting
19 for the approval, bondholder solicitation and
20 ultimately a prepackaged bankruptcy filing. Sooner or
21 later there will probably be a number of legal rulings
22 and investigations that will be necessary in order to
23 bring that plan to a final conclusion.

24 If there is one criticism that could
25 be leveled perhaps, it is the following: I guess we

Closings by Mr. Auriemma

1 could all question why did everyone wait so long to
2 attempt to resolve the Castle situation when one could
3 have perhaps examined the situation earlier on and
4 determined that the Castle's problems could only have
5 been solved by a larger agreement with its
6 bondholders. But in short run it's clear to us that
7 Castle has sufficient funds to operate effectively.
8 We know their cash position. There are no credit
9 lines, but we believe that it can operate without any
10 untoward consequences. However, as with the Plaza we
11 would also request that there be some dedication of
12 funds with respect to jackpot liability.

13 Lastly, with respect to Mr. Trump
14 personally, a lot of progress has been made. I use
15 that phrase a lot. The term sheet agreements
16 obviously are not easy to obtain. They, of course,
17 are not the end either. A lot of drafting has to be
18 done to implement these term sheet agreements and I
19 assume if permitted to continue down this course we
20 will review those documents in the near future and it
21 seems to me that a timetable should be established by
22 the Commission for submission of those documents to
23 the Commission and to the Division.

24 Mr. Bollenbach expressed a number of
25 goals that had to be achieved or that he attempted to

Closings by Mr. Auriemma

1 achieve with respect to Mr. Trump. One goal was to
2 relieve Mr. Trump of personal guarantees if at all
3 possible. Well, we can see that there has been a
4 substantial reduction in personal guarantees, but
5 clearly there are also a large number of guarantees
6 that remain. However, many of those are subject to a
7 five year call, if you will, and that is undoubtedly a
8 plus for the organization. It seems that there were
9 definitely deficiencies in the Credit and Override
10 Agreement that were entered into last summer. I have
11 spoken to that previously--on previous occasions.
12 Clearly the Credit and Override agreements as drafted
13 did not work and they--that's why we are in the
14 position we are today with amendments to those
15 agreements. One might suggest that given the haste of
16 last summer that the Credit and Override Agreements
17 were not fully thought out or did not have time to
18 analyze all of the nuances of it. Our hope is that
19 whatever is resulting from A-54 will not result in us
20 being here later this year or early next year with new
21 term sheets and new agreements.

22 The cash position of The Trump
23 Organization, of course, is always of a concern. We
24 have monitored it and I know that the Commission staff
25 and Commissioners have monitored it. We now know that

Closings by Mr. Auriemma

1 there will no longer be a credit line available from
2 the new money facility to Mr. Trump or The Trump
3 Organization, that future funds will be dependent upon
4 asset sales or assets that can be mortgaged. This is
5 not always the most desirable situation, but it is
6 something which in this limited circumstance where
7 wholesale assets are not contemplated to be sold we
8 believe that it can work and we believe that there can
9 be a sufficient amount of funds available to The Trump
10 Organization during the remaining time left on the Taj
11 license, which is until next April, and during the
12 remaining time left on the Plaza and Castle license
13 which is until May of 1993.

14 With that I have nothing further, but
15 if the Commissioners have any questions of me or wish
16 me to address any particular points I would be glad to
17 do so.

18 CHAIRMAN PERSKIE: I want to clarify
19 the last point. Did I understand you to say that in
20 the overall context in which you have been describing
21 it that the Division's conclusion is that as to The
22 Trump Organization the complex of agreements assuming
23 that A-54 is turned into all that it represents it
24 will be, does vest the organization in the Division's
25 view with the requisite financial stability?

Closings by Mr. Fusco

1 MR. AURIEMMA: Yes.

2 CHAIRMAN PERSKIE: Anybody else have
3 any questions or comments?

4 Mr. Fusco.

5 MR. FUSCO: Mr. Chairman and members
6 of the Commission, these proceedings concern financial
7 stability and we are concerned with financial
8 stability because that's one of the criteria set forth
9 in the Casino Control Act. It's a criteria in the
10 statute for two primary reasons. Financial stability
11 in a casino licensee is important because the goal of
12 the statute and the mandate of the Commission is to
13 avoid untoward influences on casino licenses. There
14 is another reason and that is so that the casinos can
15 operate and properly service the public. Operating
16 casino entities host and service vast numbers of
17 patrons, conduct gaming under the most detailed
18 internal controls, generate huge gaming revenues,
19 employ in the instance before you today from three to
20 5,000 employees, transact business with thousands of
21 vendors and are responsible for payments of millions
22 of dollars in taxes and fees annually. That's the
23 public interest in financial stability.

24 There is not a suggestion, there has
25 not been testimony, there is not a report to suggest

Closings by Mr. Fusco

1 that integrity of these licensees or of Mr. Trump is
2 at issue in these proceedings. As a matter of fact,
3 prior findings have made it clear that it is not an
4 issue in these proceedings. We are talking about the
5 ability to avoid untoward influences and to meet the
6 obligations in operating a casino that the statute
7 envisions that the casino licensees will meet.

8 We take the Taj Mahal first. As it
9 stands it has in excess of or an approximately 45
10 million dollars of cash, operating cash right now.
11 There is no question that the Taj Mahal presently
12 constituted will be able to service the public
13 throughout the license period which runs through to
14 April 1992. The reorganization plan that you have
15 heard about and you have heard about it since November
16 has been testified to today. It is precisely
17 defined. It is reduced to a document which has been
18 filed with the Securities and Exchange Commission. It
19 has been declared effective. The solicitation is in
20 process. We presently have, and the reality, the true
21 reality is an 82 percent approval. The testimony of
22 Mr. Ross indicates that his contact, which is regular,
23 his ability to keep in touch with the bondholders,
24 that is the way this man has made his living, this is
25 what he does, he is in constant contact, he has

Closings by Mr. Fusco

1 reduced it to an exhibit, 82 percent. The ballots
2 have been testified to. The magic number is, we
3 submit, virtually achieved in a formal sense, but I
4 submit that that is the accounting and recording sense
5 of reaching the trustee. We submit that we have
6 clearly and convincingly established that there is
7 approval of this plan and that the Taj Mahal is stable
8 throughout the license period as required by the
9 statute.

10 Trump Plaza and Trump Castle, Trump
11 Plaza's cash position presently is approximately 12
12 million dollars, a number in that approximate area.
13 The bondholders have been paid which was the mandate
14 that we had from the Commission to be in that position
15 when we appeared before you during these proceedings,
16 we have accomplished that. I will not reiterate other
17 than to just simply mention management changes have
18 been put in place, management is in firm charge at the
19 Plaza. It's easy to look at newspaper articles. We
20 are not driving the top line, we are driving the
21 bottom line and Trump Plaza has performed well and
22 will continue to perform well throughout the license
23 period.

24 Trump Castle, present cash position
25 approximately 12 million dollars, more than adequate

Closings by Mr. Fusco

1 by any standard to operate properly a casino in
2 Atlantic City and operate that particular casino.

3 We are at the point where we have a
4 term sheet, A-55-A. The question is are the
5 bondholders going to approve A-55-A when it's reduced
6 to the same type of documentation that has been
7 presented to you in the Taj Mahal reorganization? I
8 can only say that you have experience now as does The
9 Trump Organization in the process. The promises and
10 representations that were made to you have come true
11 in Taj Mahal. Time is a difficult thing and it is not
12 wholly in the control of the licensee. It's not even
13 wholly in the control with the folks with whom you
14 negotiate the bondholders and others. It is affected
15 by many agencies, the Securities and Exchange
16 Commission being one of them. There are many reasons
17 why time becomes difficult to manage, but there has
18 been I think little question in the mind of the
19 Commissioners and I submit there is no evidence to
20 suggest otherwise. The evidence is contrary. There
21 has been nothing but good faith, hard work to try and
22 move each of these projects forward as have occurred.

23 The Taj Mahal, the Plaza and the
24 Castle we submit have been established by evidence as
25 financially stable through the license period.

Closings by Mr. Fusco

1 The statute requires that you look
2 beyond that, you look beyond these operating entities
3 and you look at Mr. Trump because he is the
4 qualifier. But as a qualifier the standards that
5 apply to him are different than the standards which
6 apply to a casino licensee. It's the same word
7 financial stability. The standard is different
8 because a qualifier responsibility is different
9 because a qualifier does not operate a casino and does
10 not have those obligations to the public to maintain
11 and service thousands and thousands of people,
12 employees, vendors, fees, taxes. That is not the
13 qualifier's responsibility. The reason we look at the
14 financial stability of a qualifier is to assure
15 oneself that the qualifier is not subject to untoward
16 influences. That's the reason. I submit respectfully
17 it's clear in the statute that that's the reason. Mr.
18 Trump himself does not operate these three casinos and
19 is not responsible for their day-to-day financial
20 operation in the regard that a casino licensee is.

21 We have presented through witnesses
22 exhibit A-54, the term sheet, and the term sheet
23 simply stated evidences that agreement has been
24 reached with the eight banks or the primary lender
25 banks who essentially were before this Commission back

Closings by Mr. Fusco

1 in August of 1990. We have worked a functioning
2 workable transaction which is the solution. The
3 deferral and the moratorium for five years continues
4 to protect Mr. Trump and the assets from various
5 remedies. Those are in place. The personal liability
6 of Mr. Trump has been enormously reduced by this
7 transaction. Mr. Trump continues to have vast
8 wealth. His equity in the three casinos, his
9 ownership of the Plaza Hotel, his ownership at Trump
10 Tower, his ownership of the Penn Yards waterfront
11 development project in New York on the Hudson River
12 all put Mr. Trump in the position of having enormous
13 wealth. Certainly far more enormous than many, many,
14 many folks who have met the standard of financial
15 stability as a qualifier of a casino licensee through
16 the years that this Commission has been licensing and
17 qualifying individuals in that position. His cash
18 position is certainly worthy of your focus. But as
19 Mr. Bollenbach testified, the cash position on the
20 balance sheet that relates to operating The Trump
21 Organization is only one place where Mr. Trump has the
22 right to access cash. The Plaza in New York is an
23 operating entity and subject to approval of the
24 Commission. The three casino licensees are operating
25 entities which he owns. So that his wealth gives him

Closings by Mr. Greenberg

1 we submit financial stability during the two year
2 period that is applicable to the Castle and the Plaza
3 casino licenses.

4 On that basis we submit that we have
5 presented evidence. The evidence essentially--the
6 essence of the evidence we submit that was expected of
7 us and that evidence demonstrates that Mr. Trump and
8 the three casino licensees have the financial
9 stability that is contemplated by the statute and
10 required by the public policy of the state.

11 Mr. Chairman, that's all I have.

12 CHAIRMAN PERSKIE: Thank you.

13 Anybody have any questions of Mr.
14 Fusco?

15 All right, Mr. Greenberg.

16 MR. GREENBERG: May I?

17 CHAIRMAN PERSKIE: You may.

18 MR. GREENBERG: Thank you, Mr.
19 Chairman and members of the Commission.

20 I think it was in August, August 18,
21 1990 when the Vice Chair determined to reopen the
22 events and facts, before the Vice Chair required the
23 reopening of the financial stability issue hearings,
24 if you will, and here we are 10 months later seeking a
25 determination. A determination is being sought by the

Closings by Mr. Greenberg

1 applicant, debtor, if you will, by you on that issue
2 and nothing has changed with regard to those 10 months
3 with regard insofar as the definition of financial
4 stability is concerned. So I deal with it. I deal
5 with the issue perhaps in a slightly different way,
6 although I think, I know I agree with most of what Mr.
7 Fusco has just said with regard to his concept of the
8 meaning. It is obvious that from what has transpired
9 in the last couple of days that the bondholders, whom
10 I represent, the members of the Steering Committee in
11 the Taj Mahal matter, fully support the determination
12 of financial stability in connection with its
13 interests.

14 Along the way this Commission has
15 established certain dates for the occurrence of
16 certain events, some of which did not occur on the
17 dates established. Should that per se require a
18 determination on that given day that financial
19 stability if it existed the day before does not exist
20 on that day? I suggest that it does not as this
21 Commission has not found that failure to comply with
22 the predetermined date is not of necessity per se,
23 though I would find it stability or else we wouldn't
24 be here. I think the reason for that is correct. I
25 think the reason that that happened was because

Closings by Mr. Greenberg

1 without articulating it I think we are all working
2 under the assumption that financial stability means
3 something like a condition which is acceptable to the
4 creditors within your bondholders and your banks which
5 this Commission finds is sufficient to protect the
6 public interest in terms of paying the obligations and
7 debts as they come due, operating--on an operating
8 basis and most importantly of all that the precarious
9 position in which a debtor finds himself under those
10 circumstances does not give rise to a reasonable
11 belief by this Commission that such a debtor would be
12 tempted to act in a manner inconsistent with those
13 high standards of integrity in which the statute
14 envisions.

15 If you look at financial stability as
16 being defined in that way then Donald Trump as an
17 enterprise and Taj Mahal as a licensee meet the
18 standard irrespective, if you will, of how many votes
19 have been filed respectfully as of 3:30 this
20 afternoon, although in that regard I might indicate to
21 you that all you need is two-thirds of the votes
22 submitted and if that's the test we passed that
23 yesterday.

24 CHAIRMAN PERSKIE: Remember your
25 comment a few minutes ago about how you always

Closings by Mr. Greenberg

1 wanted--the voters always wanted to see the last thing
2 that could happen? 67 percent of the universe is
3 better than 67 percent of the ones that have voted
4 yet.

5 MR. GREENBERG: Absolutely correct,
6 even legislators want to vote last.

7 CHAIRMAN PERSKIE: I heard about
8 that.

9 COMMISSIONER DODD: The twenty-first
10 vote.

11 MR. GREENBERG: When we made
12 application to participate, that application was
13 granted for which we thank you and we assume that that
14 was done because you believe that we have an interest
15 in this matter and I suspect that that interest is one
16 which goes to the first prong of the definition that I
17 gave to you, my definition, and that is how does this
18 debtor shape up according to his creditors, its
19 creditors.

20 These creditors that I represent are
21 fully satisfied with the condition of the debtor
22 insofar as the negotiated agreement and plan presently
23 being implemented. In fact, as you heard, without
24 beating the horse to death, one negative vote was
25 received, we have got over 82 percent if you count the

Closings by Mr. Ehrenberg

1 intentions of interest as well as those signed, sealed
2 and delivered. I submit to you that that is a very
3 clear vote and voice insofar as the financial
4 integrity of this debtor is concerned.

5 For the same reason that bankruptcy
6 protects a licensee and results in a finding of
7 financial stability, because creditors are in that
8 instance prevented from doing the type of harm to an
9 operator that this Commission would not want to see
10 done, so to here even more so where there is a
11 voluntary agreement entered into by its creditors,
12 including the bondholders and the banks, I submit that
13 the prong that's most critical for your consideration
14 respectfully dealing with financial stability has been
15 satisfied and we urge you to for that reason rule in
16 favor of the applicant's request.

17 Thank you.

18 CHAIRMAN PERSKIE: Thank you.

19 Mr. Ehrenberg.

20 MR. EHRENBURG: Yes. Mr. Chairman
21 and members of the Commission, my comments will be
22 quite brief.

23 The Steering Committee of the
24 bond--of the bondholders of the Trump Castle really
25 had only two functions to perform in these

Closings by Mr. Ehrenberg

1 proceedings. First we wanted to present certain
2 information to you. We did that in my memorandum
3 dated April 29. We did that yesterday in the
4 testimony of Mr. Foss and Mr. Nut. I won't go through
5 and repeat that testimony at this point.

6 The second thing we did is perform or
7 serve as a negotiating group to meet with the Trump
8 Castle management to discover and to see whether a fix
9 could be developed for the Trump Castle that would
10 work for all of those who are involved. You have seen
11 the results of those negotiations. It's exhibit
12 55-A. One could characterize exhibit 55-A as merely
13 five pieces of paper. I look at them slightly
14 differently. They represent weeks of negotiations.
15 They represent proposals, counter proposals, counters
16 to the counter proposals entered into by two sides
17 negotiating in good faith, each struggling to see
18 whether there was some fix that they both could agree
19 upon that would take us forward. The result was, as I
20 said, the term sheet.

21 I must agree with Mr. Auriemma. He
22 indicated earlier, and I think appropriately, we have
23 come a long way. There are still many steps to
24 continuing the process. I want to take the
25 opportunity to thank you as well. The Steering

Closings by Mr. Ehrenberg

1 Committee is in support of the Trump position.

2 Thank you.

3 CHAIRMAN PERSKIE: Thank you,
4 Ehrenberg.

5 Anything else?

6 All right, as I understand it,
7 subject to the submission of the document hopefully
8 this afternoon this presentation closes the record at
9 this stage with respect to the inquiry. The
10 Commission will need some time to evaluate the
11 material and its position. I will schedule another
12 session for 2:00 on Thursday, June 20, the day after
13 tomorrow, at which time I would anticipate that the
14 Commission will be in a position to render a ruling in
15 connection with the several applications that are
16 before us.

17 Is there anything else that we need
18 to touch on?

19 The document, Mr. Fusco, when you
20 submit it, of course, should be submitted with copies
21 to all the parties. It will be premarked as exhibit
22 59-C which is where I think it properly ought be in
23 this situation.

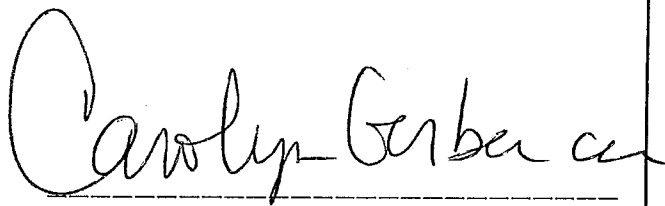
24 There being nothing further we will
25 be in recess.

1 Mr. Zimmerman, I need you for a few
2 minutes. Thank you very much.

3 (At which time the hearing was
4 adjourned at 2:44 p.m.)

5
6 C E R T I F I C A T E
7

8 I, CAROLYN GERBER, a Certified Shorthand
9 Reporter and a Notary Public of the State of New
10 Jersey, do hereby certify the foregoing to be a true
11 and accurate transcript of my original stenographic
12 notes taken at the time and place hereinbefore set
13 forth.

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19 CAROLYN GERBER, CSR
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21 Dated: June 19, 1991.
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