



**Letitia James**

New York State Attorney General

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Press Releases

Attorney General James Sues Donald Trump For Years of Financial Fraud

# Attorney General James Sues Donald Trump for Years of Financial Fraud

**Donald Trump Falsely Inflated His Net Worth by Billions of Dollars to Further Enrich Himself and Cheat the System**

## September 21, 2022

*Trump, Donald Trump Jr., Ivanka Trump, and Eric Trump Used Fraudulent Statements of Financial Condition to Obtain Millions in Economic Benefits*

*Lawsuit Seeks to Remove Trump and His Children from Their Roles at the Trump Organization; Ban Them from Future Leadership Roles in New York; Repay \$250 Million They Illegally Obtained*

NEW YORK – New York Attorney General Letitia James today filed a [lawsuit against](#) **Do**

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higher limits and at lower premiums, and to gain tax benefits, among other things. From 2011-2021, Mr. Trump and the Trump Organization knowingly and intentionally created more than 200 false and misleading valuations of assets on his annual Statements of Financial Condition to defraud financial institutions.

This conduct was in violation of New York Executive Law 63(12), which gives the Office of the Attorney General (OAG) special and broad powers to go after persistent and repeated fraud and illegality, which in this case includes violating other state laws prohibiting the submission of false financial statements, the falsification of business records, and the commission of insurance fraud.

As a consequence of these violations, OAG is seeking, among other relief, to: 1) permanently bar Mr. Trump, Donald Trump, Jr., Ivanka Trump, and Eric Trump from serving as an officer or director in any New York corporation or similar business entity registered and/or licensed in New York state; 2) bar Mr. Trump and the Trump Organization from entering into any New York real estate acquisitions for five years; 3) award disgorgement of all financial benefits obtained through the persistent fraudulent practices, estimated to total \$250 million.

In conjunction with the lawsuit, OAG has referred the matter to the U.S. Attorney's Office for the Southern District of New York and the Internal Revenue Service (IRS) for criminal investigation.

“For too long, powerful, wealthy people in this country have operated as if the rules do not apply to them. Donald Trump stands out as among the most egregious examples of this misconduct,” said **Attorney General James**. “With the help of his children and senior executives at the Trump Organization, Donald Trump falsely inflated his net worth by billions of dollars to unjustly enrich himself and cheat the system. In fact, the very foundation of his purported net worth is rooted in incredible fraud and illegality. Mr.

Trump’s actions have harmed thousands of innocent New Yorkers and the state’s economy.

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This years-long fraudulent scheme centers on the annual Statements of Financial Condition (statements) for Donald Trump that contain Mr. Trump's or his trustees' assertions of his net worth. From 2011-2021, these statements were compiled by Trump Organization executives, and were issued as a compilation report by Mr. Trump's accounting firm. The statements are explicit that the preparation was the responsibility of Mr. Trump or, starting in 2016, the trustees of his revocable trust, Donald Trump Jr., and Allen Weisselberg. The statements were personally certified as accurate by Mr. Trump or by one of his trustees when being presented to financial institutions with the purpose and intent that the information contained in the statement would be relied upon by those institutions.

Over the course of OAG's three-year investigation, OAG found that between 2011-2021, Mr. Trump's statements were fraudulent and misleading in both their composition and their presentation. Mr. Trump made known through Mr. Weisselberg that he wanted his net worth on his statements to increase every year, and the statements were the vehicle by which his net worth was fraudulently inflated by billions of dollars year after year. All told, Mr. Trump, his children, the Trump Organization, and the other defendants as part of a repeated pattern and common scheme, derived more than 200 false and misleading valuations of assets for the 11 statements covering 2011 through 2021.

Each statement represented that the values were prepared by Mr. Trump and others at the Trump Organization in consultation with "professionals," however, no outside professionals were retained to prepare any of the asset valuations for the statements. To the extent Mr. Trump and the Trump Organization received any advice from outside professionals that had any bearing on how to approach valuing the assets, they routinely ignored or contradicted such advice.

They also issued statements that were in blatant violation of generally accepted accounting principles (GAAP) in the United States, despite representing that the statements were prepared by independent accountants.

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- Changing the methodology used to value properties from year to year, without reason or notice;
- Using vastly different methods to value different properties even in the same year; and
- Including intangible items, such as brand premiums, when calculating an asset's value, despite representing in the statements that such items were not included.

## **Values of Properties and Other Assets Presented in the Statements Were Fraudulent, Misleading, and Not Presented in Accordance with GAAP**

In the 214-page complaint, which is the culmination of our investigation that included more than 65 witness interviews and review of millions of pages of documents, OAG lays out dozens of examples of this fraudulent activity and how Mr. Trump and the Trump Organization routinely and intentionally misvalued assets to further enrich Mr. Trump. The complaint includes fraudulent conduct across more than [23 different properties and other assets](#) owned by Mr. Trump and the Trump Organization. Some examples of this misconduct include:

### **Trump Tower Triplex:**

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

### **Trump Park Avenue:**

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For example, an outside, bank-ordered appraisal in 2010 valued the 12 rent-stabilized at \$750,000 total. Yet, in the 2011 and 2012 statements, the rent-stabilized apartments at Trump Park Avenue were valued as market rate for nearly \$50 million total. In July 2020, the Trump Organization received an appraisal with a value of \$84.5 million but on the 2020 Statement the Trump Organization valued Trump Park Avenue at \$135.8 million.

**40 Wall Street:**

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

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

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and limited nature of his 30% interest because he personally took part in extensive, contentious litigation regarding these partnerships in which control over partnership-held cash and partnership business choices were expressly addressed.

**Clubs:**

The statements do not list separate values for each of Mr. Trump’s club facilities. Instead, the values for those properties are lumped together into a single figure. This was done intentionally to conceal significant swings in the value attributed to individual clubs and to conceal the methods used to arrive at those values. This lump sum figure was by far the largest asset value on Mr. Trump’s statement of financial condition every year. Mr. Trump and the Trump Organization employed various deceptive schemes in valuing the clubs to inflate their values.

- **Mar-a-Lago:**

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

- **Trump Aberdeen:**

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

- **Trump Golf Course in Scotland:**

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price from the purported assumption of “refundable” membership liabilities. Mr. Trump claimed to have paid \$46 million for the club, consisting of \$5 million in cash he actually paid and \$41 million in assumed membership liabilities. In the statements, Mr. Trump did not disclose the inclusion of those inflated liabilities in the price of the club and in fact took the opposite position that his potential liability for those membership deposits was zero. Additionally, the Trump Organization overstated the value of this golf course by adding an additional 30% for the Trump brand in 2013 and 2014 and 15% from 2015 through 2020 – even though the statements disclaimed that any of the valuations included a brand premium.

### **False and Misleading Statements of Financial Condition Were Used to Secure and Maintain Financial Benefits on Favorable Terms**

The statements were used to obtain and maintain favorable loans over at least an 11-year period. All told, the financial benefit realized from this scheme was approximately \$250 million, including interest savings and transaction profits, because of the favorable loan terms they were able to obtain using his false and misleading statements.

#### **Trump National Doral:**

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

#### **Trump International Hotel & Tower, Chicago:**

Since 2009, this property’s value has been excluded from the statements because

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interest rate approximately four percentage points lower than it would have been without his guaranty.

**Trump Old Post Office, Washington, D.C.:**

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

[Here is the link to the full addendum.](#)

**Defendants**

The 16 defendants in this case include: Donald Trump, Donald Trump, Jr., Ivanka Trump, Eric Trump, the Trump Organization Inc., the Trump Organization LLC, the Donald J. Trump Revocable Trust, DJT Holdings LLC, DJT Holdings Managing Member, Allen Weisselberg, Jeffrey McConney, as well as the entities that received the loans that are the subject of the action, including: Trump Endeavor 12 LLC, 401 North Wabash Venture LLC, Trump Old Post Office LLC, 40 Wall Street LLC, and Seven Springs LLC.

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- Falsification of business records in violation of Penal Law § 175.10;
- Issuing a false financial statement in violation of Penal Law § 175.45;
- Engaging in insurance fraud by submitting false and misleading information in a written application for insurance and to obtain other insurance benefits in violation of Penal Law § 176.05;
- Engaging in a conspiracy to commit each of aforementioned state law violations.

The conduct alleged in this complaint also violates federal criminal law, including issuing false statements to financial institutions and bank fraud.

## Relief

As a consequence of this persistent and repeated fraud and illegality, OAG is asking the court to:

- Permanently bar Mr. Trump, Donald Trump, Jr., Ivanka Trump, and Eric Trump from serving as an officer or director in any New York Corporation or similar business entity registered and/or licensed in New York state;
- Bar Mr. Trump and the Trump Organization from entering into any New York state commercial real estate acquisitions for a period of five years;
- Bar Mr. Trump and the Trump Organization from applying for loans from any financial institution registered with the New York Department of Financial Services for a period of five years;
- Award disgorgement of all financial benefits obtained through the persistent fraudulent practices of an amount to be determined at trial and estimated to total at least two hundred and fifty million dollars (\$250 million).
- Permanently bar Allen Weisselberg and Jeffrey McConney from serving in the financial control function of any New York Corporation or similar business entity registered

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- Require the Trump Organization to prepare, on an annual basis for the next five years, a GAAP-compliant, audited statement of financial condition showing Mr. Trump's net worth, to be distributed to all recipients of his prior Statements of Financial Condition; and,
- Cancel any certificate filed under and by virtue of the provisions of section 130 of the General Business Law for the corporate entities named as defendants and any other entity controlled by or beneficially owned by Donald Trump which participated in or benefitted from the foregoing fraudulent scheme.

This investigation has been conducted by Senior Enforcement Counsel Kevin Wallace, Special Counsel Andrew Amer, Assistant Attorney General Colleen K. Faherty, Assistant Attorney General Alex Finkelstein, Assistant Attorney General Wil Handley, Assistant Attorney General Stephanie Torre, Assistant Attorney General Austin Thompson, Special Counsel to the Solicitor General Eric R. Haren, Enforcement Section Chief Louis M. Solomon and Legal Support Analyst Samantha Stern. Additional support was provided by Data Analyst Anushua Choudhury, Senior Data Analyst Akram Hasanov, Data Scientist Chansoo Song, Deputy Director of Research and Analytics Megan Thorsfeldt, and Director of Research and Analytics Jonathan Werberg; as well as Information Technology Specialist Hewson Chen, Information Technology Specialist Paige Podolny, and Information Technology Specialist John Roach. Appellate support was provided by Deputy Solicitor General Judith Vale and Assistant Solicitor General Eric Del Pozo. The investigation was overseen by First Deputy Attorney General Jennifer Levy.

To access the full complaint with exhibits:

[Part 1](#)

[Part 2](#)



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