

# FOILING A GOOD WALK

[NB: Check the byline, thanks! /~Rayne]

Don't be surprised if Donald Trump decides to spend even more time at his golf courses between now and 2020. He should be worried if the courses will remain a part of the Trump organization let alone how much more time he can spend golfing in his lifetime.

At two points during the House Oversight Committee hearing this past Wednesday, Trump's golf courses came up.

When Rep. Carolyn Maloney (D-NY) asked Michael Cohen about the "catch-and-kill" program by which Trump avoided being publicly exposed by his extra marital sexual partners, Cohen explained why he ended up financing the payment to Stormy Daniels (Miss Clifford).

Transcript (01:45:13) –

Cohen: Well, going back into the story as I stated when we – Allen Weisselberg and I – left the office and went to his office to make the determination on how the money was going to be wired to the IOLA, the interest on the lawyer's account for Keith Davidson in California, I had asked Allen to use his money. I didn't want to use mine. He said he couldn't. We then decided how else we could do it and he asked me whether or not I know anybody that wants to have a party at one of his clubs that could pay me instead or somebody who may have wanted to become a member of one of the golf clubs. And I also don't have anybody that was interested in that. And it got to the point where it was down to the wire. It was either we – somebody – wire the funds and purchase the life rights to the story from Miss Clifford or it was going to end up being sold to television and that would have embarrassed the president and it would

have interfered with the election.

In his response, Cohen shares three different methods used to launder money, two of which would have gone through a Trump golf course. In a previous post examining profiteering and money laundering through a golf club, these same methods were mentioned as possibilities. A new member's initiation fee could easily match the amount needed to pay off Miss Cliffords as could charges or fees for a single event held at a Trump course.

Given Cohen's inability to say how many 'catch-and-kill' stories Trump or his organization had to pay off, it's reasonable to suspect golf courses have been used this way to launder hush money let alone launder money for other purposes.

Toward the end of the hearing, Rep. Alexandria Ocasio Cortes asked Cohen about the property value of a Trump golf course after noting the exceptionally sweet deal Trump org received when developing the Trump Golf Links at Ferry Point, New York.

Transcript (04:50:13) –

Ocasio-Cortes: Thank you very much. The last thing here. The Trump golf organization currently has a golf course in my home borough of the Bronx and Queens. In fact, the Washington Post reported on the Trump links Bronx course in an article titled, 'Taxpayers Built this Golf Course and Trump Reaps the Rewards'. Many learned that taxpayers spent \$127 million to build Trump links in a, quote, generous deal allowing President Trump to keep almost every dollar that flows in on a golf course built with public funds. And this doesn't seem to be the only time the president has benefited at the expense of the public. Mr. Cohen, I want to ask you about your assertion that the

president may have improperly devalued his assets to avoid paying taxes. According to an August 21st 2016 report by the Washington Post, while the president claimed in financial disclosure forms that the Trump National Golf Club in Jupiter, Florida, was worth more than \$50 million, he had reported otherwise to local tax authorities that the course was worth, quote, no more than \$5 million. Mr. Cohen, do you know whether this specific report is accurate?

Cohen: It's identical to what he did at Trump National Golf Club at Briarcliff Manor.

Briarcliff offers a good example of Trump org's treatment of municipal regulations as well as state and local laws. The course management damaged the local storm sewage system with unauthorized modifications, causing damage to residents' and Ossining's property. Goodwill was further damaged by years of fighting local tax assessments:

Nowhere has the conflict between the tax assessments on Trump's properties and his claims of soaring value been more apparent than in Ossining, New York, where his lawyers argued to the city assessor that his Westchester County golf club was worth \$1.4 million in 2015, less than a tenth of its appraised value. On the financial disclosure statement candidates are required to file, he valued it at more than \$50 million. The city assessor's office, which valued the property at \$15 million, did not respond to a request for comment.

Trump and his organization fought the valuations of all Trump courses in Florida over the last handful of years as well as Mar-a-Lago and

several small non-golf estates. The value of the Jupiter course, reported as \$50 million on financial disclosure forms furnished to the government, was estimated by Palm Beach County at \$19.7 million. But Trump org sued Palm Beach for a fifth time disputing the county's valuation, electing to pay taxes on a property worth \$5 million less than the county's estimate.

Trump org also appealed its tax bill for the Trump National Doral Golf Club; they've tried for each of the last five years to shave its tax liability with Miami-Dade county. They weren't successful.

Briarcliff and the Florida golf clubs aren't the only courses for which Trump's organization claimed lower property values in order to avoid tax obligations.

Trump National Golf Course in Hudson Valley, New York, was assessed at \$6 million; the organization claims the property is only worth \$2 million. The Trump organization doesn't own the real estate, operating instead as a lessee. It's not clear if ownership factors into Trump org's argument against paying higher taxes; the municipality charges the lessee, however.

The Bedminster course was used to claim a \$39.1 million federal tax deduction in 2005 relying on a land conservation rule, and a deduction as farmland because the course kept a small number of goats on the premises.

The Los Angeles course may be the most confusing to make sense of its value. Trump said it was worth \$264 million when it opened in 2006, claimed it was worth at least \$50 million on federal financial disclosure filings, but only \$10 million when filing property taxes in 2008.

While the average business makes a reasonable effort to reduce its tax burden, the Trump organization made it a pattern of habit, particularly with its golf course businesses. It's odd that each course's asset valuation established by a local municipality was

questioned multiple years in a row, even when the municipality had already gone out of its way to provide unusual benefits to the Trump organization (ex. a long-term lease of county-owned property adjoining the West Palm Beach airport while allowing the course to contest the value the county assigned to the real estate).

The pattern of behavior was tightly entwined with asset inflation for other purposes. One reason was for bank loans, elevating the amount the Trump organization could borrow. Cohen testified that he knew Deutsche Bank had received these arbitrary numbers.

Rep. William Clay (D-MO) asked about specific Trump organization financial statements from 2011, 2012, and 2013 Cohen had in his possession pertaining to Trump and his organization, with regard specifically to manipulation of asset values.

Transcript (01:48: ) –

Clay: Thank you...can you explain why you had these financial statements and what you used them for?

Cohen: These were used by me for two purposes. One was discussing with media, whether Forbes or other magazines, to demonstrate Mr. Trump's significant net worth. That was one function. Another was when we were dealing later on with insurance companies. We would provide them with copies so that they would understand that the premium on the individuals' capabilities to pay would be reduced.

It's not clear whether Cohen meant individuals singular or plural. The proliferation of disparities between asset valuations reported by media, by members of the Trump family and organization, and by different government entities now makes more sense – the confusion allows easy misrepresentation of value for insurance purposes.

Transcript (04:43.46) –

Ocasio-Cortes: Okay, thank you.  
Secondly, I want to ask a little bit about your conversation with my colleague from Missouri about asset inflation. To your knowledge, did the president ever provide inflated assets to an insurance company?

Cohen: Yes.

Mr. Trump's federal financial disclosure statements need to be audited for false statements if they were completed using manipulated asset data.

The House Oversight Committee now has testimony and evidence suggesting further investigation into bank and insurance fraud by Trump and the Trump organization is warranted.

But it isn't the House Oversight Committee alone which should now investigate insurance fraud. While insurance in the U.S. must comply with federal law, it's regulated at state level. Insurance commissioners and state attorneys general in each state where the Trump organization owns, operates, and insures businesses including golf courses should now review Trump's insurers and policies. How did insurers write policies for Trump organization for so long given the disparities between property values established by municipalities and the asset values published by so many different media outlets?

It's easy to see there's a problem with the perception of Trump org's asset valuations by comparing a few articles written about the golf courses. Outside Florida it's not well known that Trump org doesn't own the real estate underneath Trump International Golf Club, West Palm Beach, Florida. It's even less well known that Trump org does not own the real estate beneath the Hudson Valley, New York course. Many articles reported, however, that these courses are wholly owned by Trump without any additional

detail about what assets are included.

How has this gap in public knowledge been used?

The entire financial industry needs to take a good look at itself and consider how it may have been played. Cohen mentioned media outlets like Forbes coming to him for asset valuations which they published, replicating and dispersing deceit read most often by finance people. Because he appeared to own multiple golf courses in addition to other real estate, the perception of Trump's wealth wasn't adequately questioned.

It will hurt not only municipalities if Trump org golf courses were to suddenly cease operations.

*This is an open thread.*