

SUPREME COURT OF THE STATE OF NEW YORK  
COUNTY OF NEW YORK

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THE PEOPLE OF THE STATE OF NEW YORK,  
by ERIC T. SCHNEIDERMAN, Attorney General of the  
State of New York,

Petitioner,

-against-

Index No. 451463/2013

IAS Part \_\_\_\_\_

Assigned to Justice \_\_\_\_\_

THE TRUMP ENTREPRENEUR INITIATIVE LLC f/k/a  
TRUMP UNIVERSITY LLC, DJT ENTREPRENEUR  
MEMBER LLC f/k/a DJT UNIVERSITY MEMBER LLC, DJT  
ENTREPRENEUR MANAGING MEMBER LLC f/k/a DJT  
UNIVERSITY MANAGING MEMBER LLC, THE TRUMP  
ORGANIZATION, INC., TRUMP ORGANIZATION LLC,  
DONALD J. TRUMP, and MICHAEL SEXTON,

Respondents.

----- X

**AFFIRMATION OF ASSISTANT ATTORNEY GENERAL TRISTAN C. SNELL  
IN SUPPORT OF THE VERIFIED PETITION**

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**AFFIRMATION IN  
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VERIFIED PETITION**

Index No. \_\_\_\_\_  
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TRISTAN C. SNELL, an attorney duly admitted to practice law in the State of New York, affirms the following under penalty of perjury pursuant to CPLR § 2106:

1. I am an Assistant Attorney General in the office of Eric T. Schneiderman, Attorney General of the State of New York. I make this affirmation in support of the Verified Petition and the relief sought therein.

2. I am familiar with the facts and circumstances of this proceeding. The facts set forth in this affirmation are based upon information contained in the investigative files of the Office of the Attorney General (“OAG”).

3. Petitioner brings the above-captioned special proceeding pursuant to Executive Law § 63(12) and General Business Law §§ 349 and 350, to enjoin respondents from engaging in deceptive acts and practices and false advertising in connection with the operation of Trump

University (later known as Trump Entrepreneurship Institute), an unlicensed educational institution that fraudulently induced students to enroll in seminars on real estate investing.

4. Respondents waived service of the notice required by General Business Law §§ 349(c) and 350-c.

### **RESPONDENTS**

5. Respondent The Trump Entrepreneur Initiative LLC (“Trump University”) is a New York limited liability company with its principal place of business at 40 Wall Street, 32nd Floor, New York, New York. The company was originally created pursuant to the laws of the State of New York under the name Trump University LLC on October 25, 2004. Its name was changed to The Trump Entrepreneur Initiative LLC pursuant to a Certificate of Amendment filed with the New York Secretary of State on May 20, 2010. (*See Ex. A1.*)

6. Respondent DJT Entrepreneur Member LLC is a New York limited liability company. It does not list a principal place of business with the New York Secretary of State. The company was originally created pursuant to the laws of the State of New York under the name DJT University Member LLC on October 25, 2004. Its name was changed to DJT Entrepreneur Member LLC pursuant to a Certificate of Amendment filed with the New York Secretary of State on May 20, 2010. (*See Ex. A2.*)

7. Respondent DJT Entrepreneur Managing Member LLC is a New York limited liability company. It does not list a principal place of business with the New York Secretary of State. The company was originally created pursuant to the laws of the State of New York under the name DJT University Managing Member LLC on October 25, 2004. Its name was changed to DJT Entrepreneur Managing Member LLC pursuant to a Certificate of Amendment filed with the New York Secretary of State on May 20, 2010. (*See Ex. A3.*)

8. Respondent The Trump Organization, Inc. is a New York corporation with a principal place of business of 725 Fifth Avenue, 26th Floor, New York, New York.

9. Respondent Trump Organization LLC is a New York limited liability company with a principal place of business of 725 Fifth Avenue, New York, New York.

10. Respondent Donald J. Trump is the Chief Executive Officer of The Trump Organization, Inc. and Trump Organization LLC and the Chairman of Trump University. He is a New York citizen who resides at 725 Fifth Avenue, New York, New York.

11. Respondent Michael Sexton is the former President of Trump University. He is a New York citizen who resides at 31 Rye Road, Rye, New York.

## **FACTS**

### **Introduction**

12. From their headquarters in New York City, respondents operated an unlicensed, illegal educational institution from 2005 through 2011, intentionally misleading over 5000 students nationwide, including over 600 New York residents, into paying as much as \$35,000 each to participate in live seminars and mentorship programs with the promise of learning Donald Trump's real estate investing techniques. The pattern of deceptions included false advertisements in newspapers both in New York and across the country, bait and switch tactics, and other misrepresentations and fraudulent practices. These practices began with the entity's very name itself. Respondents used the name "Trump University" until May 2010 despite lacking the charter necessary under New York law and thus led students to believe that they were attending a university when they were not. Respondents repeatedly claimed that prospective students would be taught by successful real estate "experts" who were "handpicked" by Donald Trump. In fact, many of these so-called experts were merely motivational speakers who came to

Trump University from jobs having little to do with real estate investing, while some came to Trump University shortly after their real estate investing caused them to go into bankruptcy — and not a single one of these instructors or mentors was “handpicked” by Donald Trump.

13. Respondents engaged in a widespread marketing campaign both in New York and across the country to lure prospective students to enroll in Trump University’s programs, generally structured into three distinct stages: first, a free 90- or 120-minute seminar that served as a sales pitch for the second level, a three-day seminar costing \$1,495.<sup>1</sup> This three-day seminar was itself an upsell to the third level, the “Trump Elite” program, with “Bronze Elite” packages priced at around \$10,000, “Silver Elite” packages typically at \$25,000, and a “Gold Elite” package purportedly including a one-on-one mentorship, at a cost of \$35,000. To induce students to spend such large sums, respondents assured students that their \$35,000 would be recouped in a few months, with “insider” access to special financing and a personal mentor who would be available for the student for up to a year, coaching her step by step until she completed her first real estate deal. Relying on these representations, students spent thousands of dollars of their savings or took on thousands of dollars in debt — while Trump University brought in over \$40 million in revenue.<sup>2</sup>

14. Trump University’s day-to-day operations were directly managed by Donald Trump’s closely-held holding company, The Trump Organization. Almost none of the formalities of a separate corporate existence were observed by Trump University or the limited liability companies through which Donald Trump purported to hold his stake in it. Trump

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<sup>1</sup> This program went by a variety of names at different times, including “Fast Track to Foreclosure Investing,” “Profit from Real Estate Investing,” “The Apprenticeship Program,” and the “Real Estate Investor Blueprint” program.

<sup>2</sup> Petitioner estimates Trump University’s total revenue from live seminars and instructions to be in excess of \$40 million, calculated by OAG using (1) spreadsheets of student enrollments produced by respondents, and (2) the typical prices charged by Trump University for its programs.

University could not even issue its own checks, and it never held a board meeting. Meanwhile, both Michael Sexton and Donald Trump were personally and knowingly involved with the operations of Trump University. Sexton took an active role in the company's conduct, and Donald Trump personally approved each of the misleading advertisements it published — all while ignoring the repeated warnings of the New York State Department of Education (“NYSED”), as far back as 2005, that Trump University was operating without a license in violation of New York law and evading a comprehensive regulatory system designed to prevent exactly the sort of deceptive practices at issue here.

15. In support of its Verified Petition, OAG submits to the Court the following evidence: i) representative advertisements placed, and solicitations sent, by Trump University; ii) 28 student affidavits submitted to OAG (Exs. K1-K28); iii) 11 complaints submitted or referred to OAG (Exs. L4, L10-L11, L17, L23, L25, L29, L32, L36, L37, L43); iii) 24 representative complaints submitted to the Better Business Bureau (“BBB”) (Exs. L1-L3, L5-L9, L12-L16, L18-L22, L24, L26-L28, L30-L31, L33-L35, L41-L43); iv) 9 complaints submitted to other law enforcement agencies (Exs. L14-15, L21, L28, L33, L35, L39-40); v) 60 excerpted transcripts from Trump University seminar presentations (Exs. H1-H60); vi) sworn testimony of two of respondents' representatives (respondent and former Trump University President Michael Sexton (Ex. B), and former Trump University Controller Steven Matejek (Ex. HH)); vii) a sworn affidavit from Carole Yates, the Director of the Bureau of Proprietary School Supervision at NYSED (“Yates Aff.”) (Ex. C); viii) transcripts of Trump University live seminars, including transcripts featuring some of Trump University's primary instructors, including James Harris, Steve Goff and Gerald Martin (Exs. H1-H58); ix) the Trump University Playbook, which



provided step-by-step directions to all of its instructors (Ex. V); and x) other internal documents produced by Trump University and by third parties in response to subpoenas from OAG.

### **Violations of New York State Education Law**

16. In 2004, Donald Trump, Michael Sexton, and Jonathan Spitalny formed Trump University LLC as a New York limited liability company. Sexton's original business plan focused primarily on long-distance learning through Internet-based webinars on a broad array of business topics, though they were "experimenting" with a variety of formats, including some live programs. (Sexton Tr. (Ex. B) at 87-90.)

17. In 2005, NYSED became aware that Trump University was operating an unlicensed educational institution in New York. (*See* Yates Aff. (Ex. C) ¶ 5.) NYSED sent letters to Donald Trump and Michael Sexton in the spring of 2005, notifying Trump University, Sexton, and Trump that they were in violation of New York law. (*See* Exs. D1-D2 (NYSED correspondence); Yates Aff. (Ex. C) ¶¶ 8-9.) NYSED officials also contacted Trump University by phone and by email, leaving telephone messages that went unreturned. (*See* Yates Aff. (Ex. C) ¶¶ 6-7; Ex. D3 (NYSED emails with Trump University).)

18. In these communications, NYSED informed Trump University, Donald Trump, and Michael Sexton that

- (a) Trump University was violating New York Education Law by calling itself a "University" when in fact it was not chartered as such, and that
- (b) Trump University needed to be licensed by NYSED if it wanted to offer student instruction or training in New York.

(*See* Exs. D1-D3 (NYSED communications); Yates Aff. (Ex. C) ¶¶ 8-9.)

19. In June 2005, Sexton communicated in a series of e-mails and telephone calls with Joseph Frey, then the Assistant Commissioner of the Office of Quality Assurance of the

Office of Higher Education at NYSED. (*See* Yates Aff. (Ex. C) ¶¶ 10-11; Ex. D (emails between Frey and Sexton).) Frey told Sexton that Trump University would not be subject to the New York Education Law licensure requirement if it did not have a physical presence in New York State, predicated on two conditions: (a) Trump University needed to have its place of business and its corporate organization outside New York, and (b) it could not run live programs or other live training in New York. (*See* Yates Aff. (Ex. C) ¶ 10.) Sexton responded that Trump University would abide by those conditions by creating a new LLC in Delaware, “merging the NY LLC into the Delaware LLC,” and that he would communicate to Frey when that process was complete. Frey also requested that Trump University “place the location and phone number of its new corporate location on the web,” and Sexton responded that Trump University would “update the website contact information as soon as the legal paperwork is complete.” (Ex. D3 (emails between Frey and Sexton); *see also* Yates Aff. (Ex. C) ¶ 10.) Sexton further stated that Trump University would refrain from holding live programs in New York. (*See* Yates Aff. (Ex. C) ¶ 11.)

20. Trump University failed to abide by any of these conditions. First, although The Trump Organization created a new Delaware entity also called Trump University LLC (*see* Ex. E1), the New York and Delaware entities were never merged as had been promised (*see* Ex. E2 (New York Department of State registration showing continued existence of the New York entity)), and Trump University continued communicating to both government entities and to students that its principal place of business was 40 Wall Street in New York, throughout the entire period of its operation.<sup>3</sup> (*See* Yates Aff. (Ex. C) ¶ 13; Ex. E2 (Department of State

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<sup>3</sup> In fact, rather than merge the two entities, respondents dissolved the Delaware “Trump University LLC” entity on May 20, 2010, the same day that they (a) changed the name of the New York “Trump University LLC” to “The Trump Entrepreneurship Initiative LLC” and (b) changed the name of the previously created Delaware entity “Trump University CA LLC,” which appears to have been formed in connection with Trump University’s

registration listing Trump University at 40 Wall Street); Exs. M4-M5 (examples of direct mail solicitations using 40 Wall Street as a return address); *see also infra* ¶ 22 (detailing NYSED site visit to Trump University at 40 Wall Street in 2009); ¶ 70 (quoting Trump University instructors claiming that students would have access to a “hotline” with real estate advisors at 40 Wall Street). Second, Trump University held at least 50 live programs in New York between 2006 and 2011, as well as live one-on-one instruction of dozens of students in New York through Trump University’s mentorship programs. When Sexton was asked about this during his testimony, he conceded that Trump University had “forgot[ten] about th[e] stipulation” that they not hold live events in New York, and he called Trump University’s failure to comply “an oversight.” (Sexton Tr. (Ex. B) at 201-02.)

21. In fact, the business decision to expand Trump University’s live programming occurred only six months after Sexton’s agreement with Frey, in late 2005 or early 2006. (*See id.* at 104-09.) At that time, Trump University shifted its business model to focus mostly on live programs and instruction, both in New York and nationally. Trump University began this shift by operating through a third-party licensee, National Grants Conferences (a trade name used by a company called Proven Methods Seminars, LLC), which operated a seminar program called Trump Institute. Then, starting in 2007, Trump University began operating its own live programming and instruction. (Sexton Tr. (Ex. B) at 112-20.)

22. In 2009, NYSED learned of Trump University’s live instruction in New York through newspaper advertisements in New York and a student complaint sent to NYSED by OAG. (Yates Aff. (Ex. C) ¶ 14.) On March 9, 2009, two NYSED officials attempted to perform an in-person site visit of Trump University’s headquarters at 40 Wall Street, and after difficulty

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operations in Canada, to “The Trump Entrepreneur Initiative LLC.” (*See* Ex. E3 (Certificate of Cancellation of Delaware entity “Trump University LLC”); Ex. A1 (Certificate of Amendment of New York entity “Trump University LLC”); Ex. E4 (Certificate of Amendment of Delaware entity “Trump University CA LLC”).)

gaining entry to the Trump University offices, they spoke to Trump University's controller, Steven Matejek, and director of customer service, Brad Schneider, again raising Trump University's lack of licensure and illegal use of the name "university." (*Id.* ¶ 15.) One of the NYSED officials later had a telephone conversation with Matejek and sent two letters to both Matejek and Schneider. (*Id.* ¶¶ 16-18.)

23. On March 30, 2010, Frey wrote a letter to Donald Trump to inform him that Trump University was illegally using the name "university" without a charter, in violation of New York Education Law § 224, and that Trump University needed to cease use of the "university" name immediately. (*See id.* ¶ 20; Ex. F1 (letter from NYSED to Trump).) Frey also informed Donald Trump about the licensure requirement of Education Law § 5001 and again advised him to review NYSED's regulations regarding school licensure, asking him to state the company's intentions with regard to the licensure requirement and Education Law regulations within 30 days. (*Id.*)

24. Between March 30, 2010 and April 27, 2010, The Trump Organization's assistant general counsel, George Sorial, had telephone conversations with Frey regarding his March 30, 2010 letter, and Sorial ultimately stated that the use of the "Trump University" name would cease "as requested." (Yates Aff. (Ex. C) ¶ 21.) After initially proposing the alternative name of "Trump Education," which was also deemed to be in violation of the Education Law unless the company received the required charter, Trump University LLC changed its name to The Trump Entrepreneur Initiative LLC ("TEI"), on May 20, 2010. (*See id.* ¶ 22; Ex. A1 (Certificate of Amendment).)

25. After additional and repeated communications from NYSED regarding student complaints against TEI, on August 13, 2010, NYSED again informed Sexton that the company

needed a license in order to operate in New York and that TEI must cease all instruction and training in New York until it obtained a license from NYSED. (Yates Aff. (Ex. C) ¶¶ 23-27.) Yates subsequently had telephone communications with Sexton in order to begin TEI's process of applying for a license from NYSED in compliance with Education Law § 5001, and on September 17, 2010, Sexton wrote Yates agreeing to a meeting and stating that he would reply again regarding scheduling, which he did not do. (*Id.* ¶ 28; Exs. G1-G2 (e-mails between NYSED and Sexton).) On October 7, 2010, Sexton informed Yates that TEI had stopped operations and that thus any license application was "premature." (Yates Aff. (Ex. C) ¶ 30.)

26. Despite the repeated notifications from NYSED to Donald Trump and Michael Sexton beginning in 2005, respondents failed to take any steps to rectify Trump University's violations of New York law for more than five years. It was not until the middle of 2010 that Trump University finally dropped "University" from its name. (*See id.* ¶ 22; *see also* Exs. A1-A3 (Certificates of Amendment).) Moreover, by ignoring the requirement that "private career schools" be licensed by NYSED, Trump University also evaded an array of regulations and regular review by NYSED. For example, all school directors and teachers must be individually licensed by NYSED, all school sales agents working on commission must be individually certified by NYSED, and NYSED has authority to monitor schools' advertising to ensure it is not false, misleading, deceptive, or fraudulent, and is consistent with Article 22-A of the General Business Law. Each school must also pay NYSED tuition assessments based on its gross tuition income, in part to fund a "tuition reimbursement account" for students who are owed refunds but are unable to obtain them from the school. (Yates Aff. (Ex. C) ¶ 3.)

27. To the present day respondents have **never** obtained or even applied for the proper licensure to operate Trump University as an educational institution in New York State.

(*Id.* ¶ 32.) Neither Trump University nor any of its employees or representatives ever applied for any other licenses, certifications, or approvals from NYSED for its teachers, directors, or sales agents. (*Id.* ¶¶ 33-34.) Trump University never submitted any materials to NYSED for approval in compliance with the Education Law. (*Id.* ¶ 35.) And Trump University never paid any tuition assessments to fund a tuition reimbursement account with NYSED for processing students' refunds. (*Id.* ¶ 37.)

***Trump University Furthered the Misperception That It Was a "University"***

28. Trump University repeatedly reinforced the misperception that it was a real "university" by employing many of the signs, symbols, terminology, and other indicia of universities. Instructors routinely referred to themselves as "faculty" and to the Trump University program participants as "students" and then "graduates" after completing a course and going through "graduation." The Trump University program was regularly called a "curriculum," and students' payments were repeatedly referred to as "tuition." (*See, e.g.*, Ex. H1 (Harris presentation, Mar. 13-15, 2009) at 19 (referring to "students"); *id.* at 11-12 (referring to "Trump University graduation"); Ex. H2 (Fletcher presentation, Feb. 27, 2009) at 4-5, 10 ("students");<sup>4</sup> Ex. H3 (Goff presentation, Nov. 3-6, 2008)<sup>5</sup> at 4, 9, 23, 34, 39, 46, 49 (same); *id.* at 49 (referring to "tuition"); Ex. H4 (Chapman presentation, Feb. 17-19, 2009) at 19, 23 (referring to "graduates"); Ex. H5 (Leitzell presentation, May 4, 2009) at 9 (same); Ex. H6 (Leitzell presentation, Mar. 5, 2009) at 40, 43 (referring to "curriculum"); Ex. H7 (Sperry

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<sup>4</sup> Most of the Trump University presentation transcripts have been excerpted herein for the sake of not creating an overly voluminous record. Full versions of these transcripts are available if the Court wishes that they be produced.

<sup>5</sup> Trump University's free seminars were often held on four consecutive days in the same metropolitan area. When transcripts were created of those seminars, they often did not note which day in the four-day block had been transcribed, in which case the transcript is cited herein with reference to the four-day range, even though it was a single seminar of 90 or 120 minutes. Trump University also held three-day seminars that generally cost \$1495 to attend, and transcripts of these seminars are cited herein with reference to the three-day range in which they were held.

presentation, June 9, 2009) at 3-4, 42-43 (referring to “curriculum” and “faculty”); Ex. H8 (Martin presentation, May 28, 2009) at 1, 26 (same); Ex. H9 (Ulmer presentation, Jan. 19, 2008) at 25 (referring to “curriculum”); Ex. H10 (Natoli presentation, Aug. 5-7, 2008) at 15 (same); Ex. H11 (Kasper presentation, Mar. 1-3, 2008) at 33-34 (referring to “tuition”); Ex. H12 (Martin presentation, Oct. 20-24, 2008) at 35 (same).) In addition, in an introductory video that was typically played at each free seminar held by Trump University, Donald Trump tells prospective students about Trump University’s “professors” and “adjunct professors.” (*See infra* ¶ 46.)

29. Instructors sometimes went even further, falsely claiming that a Trump degree “is a bit of a college degree” (Ex. H13 (Martin presentation, June 17, 2009) at 9) and that Trump University offered “graduate programs, post graduate programs, [and] doctorate programs.” (Ex. H14 (Clements presentation, Mar. 28, 2009) at 37.)

30. Trump University further extended the misrepresentation that it was a real “university” by using a university-like seal on many of its materials (*see, e.g.*, Ex. J (photographs of Trump University materials)) and by issuing diploma-like Certificates of Accomplishment or Certificates of Completion to students for courses they completed. (*See, e.g.*, Guillo Aff. (Ex. K11) ¶ 21; Guillo Compl. (Ex. L17), App. A (certificates of accomplishment issued to Robert and Alexander Guillo).) Instructors repeatedly lured students into enrolling in Trump University programs with the promise of these imitation “certificates” bearing Donald Trump’s signature:

- “A piece of advice folks, invest[] in your education, make the money and then go buy your toys. . . . The key right here, certificate of completion, first to be signed by Donald J. Trump.” (Ex. H3 (S. Goff presentation, Nov. 3, 2008) at 48.)
- “You got your Trump University graduation thing; you are going to get here tomorrow night, right? Now, you are in business guys. Now, people come over and you can brag and you can say, ‘Come on to my home office and let me show you what I am doing.’ I am with Trump, I get you all this stuff here and I am a full time investor.” (Ex. H1 (Harris presentation, Mar. 13-15, 2009) at 11.)

- “Profit by managing real estate and guys what you do is, when you are done with this, you are going to receive a certificate from Trump University saying that you pass that online course. Put it on your wall . . . next to the certificate that you receive from Tiffany tomorrow night when you go through this course.” (Ex. H15 (Harris presentation, Feb. 13, 2009) at 10.)

***Impact on Students Arising from Trump University’s Illegal Use of “University” Name***

31. By ignoring NYSED and continuing to use the “Trump University” name from 2005 to 2010, respondents persistently misled students about the nature and quality of the instruction they would be receiving. Students relied on those misrepresentations, inducing them to pay for Trump University’s programs:

- “I was also interested in the program because I believed that it would be presented as a ‘university’ with a series of courses and lectures. . . . The mentorship program was not what I expected from a university. Because the program was called a ‘university,’ I expected live training in a classroom setting, like one would have at a college or a university.” (Brown Aff. (Ex. K4) ¶¶ 4, 14).
- “It was also my expectation that I would be receiving organized, classroom-style instruction from a professor, since the program used the term ‘university’ in its title.” (Harris Aff. (Ex. K14) ¶ 3).
- “I was also drawn by the fact that it was called a ‘university,’ and I thought that it would be a structured learning experience, such as in a college or university. . . . I was misled in thinking that I was going to be enrolled in a structured course, such as in a college or university.” (Rodriguez Aff. (Ex. K21) ¶¶ 3, 11).

(See also Affs. of Tekinay (Ex. K25) ¶ 3; Pierre (Ex. K20) ¶ 3; Mendez Compl. (Ex. L25) (“I thought this was a real University. . . .”))

32. Indeed, the very fact that Trump University LLC was organized and based in New York misled students into believing that Trump University was obeying New York laws requiring the licensure, regulation, and chartering of all universities operating in New York state:

- “From reviewing Trump materials and its web site, it was my understanding that Trump was a university accredited by the New York State.” (Ward Aff. (Ex. K28) ¶ 4).



- “In addition to Donald Trump’s reputation as a successful billionaire real estate investor, the primary reason that my son Alexander R. Guillo and I signed up for the Trump programs, including the Trump Gold Elite program for \$35,995, was the fact that Trump University LLC was organized in New York State and we assumed that we were enrolling in a ‘university’ that was approved by the New York State Department of Education and the New York State Board of Regents.” (Guillo Aff. (Ex. K11) ¶ 3).

### **Trump University’s Advertisements**

33. From the beginning of its operations, Trump University engaged in extensive advertising and marketing campaigns via, *inter alia*, publishing advertisements in newspapers, sending print and electronic mail to prospective students, and running advertisements on radio and television.

34. These advertisements invited prospective students to attend free seminars where they would learn Donald Trump’s techniques for investing in real estate from Donald Trump’s “handpicked experts.” Such advertisements were published on at least 13 occasions in the New York City area in 2009 alone, in the New York Post, Newsday, New York Metro, AM New York, the Newark Star-Ledger, and the Bergen County Record. Similar advertisements were published on at least 170 occasions in the United States during 2009,<sup>6</sup> in virtually every major metropolitan area. For example, one typical Trump University advertisement, displayed here in Figure 1 below, read:

Learn from Donald Trump’s handpicked experts how you can profit from the largest real estate liquidation in history. Attend our FREE Investor workshop!

He’s the most celebrated entrepreneur on earth. He’s earned more in a day than most people do in a lifetime. He’s living a life many men and women only dream

<sup>6</sup> This is the only year for which Respondents produced newspaper advertisements pursuant to the subpoena issued by OAG, which requested a “copy of each advertisement that was used to promote or otherwise relating to Trump [University], including but not limited to: (a) A full-sized copy of each print advertisement; . . .,” from May 17, 2005 to the present.

about. And now he's ready to share -- with Americans like you -- the Trump process for investing in today's once-in-a-lifetime real estate market.

Come to this FREE Introductory class and you'll learn from Donald Trump's handpicked instructors a systematic method for investing in real estate that anyone can use effectively. You'll learn foreclosure investing from the inside out. You'll learn how to finance your deals using other people's money. You'll learn how to overcome your fear of getting started.

"I can turn anyone into a successful real estate investor, including you."

- Donald Trump

(Ex. M1 (emphasis in original).)

Fig. 1



Register Now  
for Our **NEW**  
September 2009 Workshop!

## The time to invest in New York real estate is **NOW!**

Learn from Donald Trump's handpicked experts how you can profit from the largest real estate liquidation in history!

He's the most celebrated entrepreneur on earth. He's earned more in a day than most people do in a lifetime. He's living a life many men and women only dream about. And now he's ready to share—with Americans like you—the Trump process for investing in today's once-in-a-lifetime real estate market.

Come to this **FREE** introductory class and you'll learn from Donald Trump's handpicked instructors a systematic method for investing in real estate that anyone can use effectively. You'll learn foreclosure investing from the inside out. You'll learn how to finance your deals using other people's money. You'll learn how to overcome your fear of getting started.

**“I can turn anyone into a successful real estate investor, including you.”**

— Donald Trump

Today's financial crisis and credit crunch has politicians and bankers scrambling for answers. They've got bailouts and rescue packages but **who's helping you?** We'll help you by teaching you how to profit from the billion dollar bailouts that have opened the door for unprecedented investment opportunities.

With home prices dropping through the floor, historically low interest rates, and record high inventories, 2009 is the “perfect storm” for real estate investors of every income and experience level. Buy you need to approach this with the kind of proven expertise contained in Donald Trump's powerful techniques and strategies.

### Cash in on the Greatest Property Liquidation in History! Discover how to...

- ✓ Buy real estate from banks—at up to 70% below market value!
- ✓ Finance your deals creatively in today's tight credit market!
- ✓ Buy the right properties at the right time—and know when to sell!
- ✓ Secure your retirement by generating passive income
- ✓ Invest in real estate through your IRA—tax free!
- ✓ Find pre-foreclosures in your area!

**“I was able to get a property under contract for \$1.6 million that was worth \$3 million. I turned around and sold it to an investor for \$2.3 million, netting me \$700,000. After I paid my contract, my profit was \$560,000.”**

— Shawn Guthreau,  
Dunellen, New Jersey  
\*Personal Results, Results not typical

**4 DAYS ONLY!** Act Now! Space is limited, reserve your seat today at [TrumpEventNY.com](http://TrumpEventNY.com) or call **888-277-6989!**

SUNDAY	MONDAY	TUESDAY	WEDNESDAY
September 13th 2:00 PM	September 14th 1:00 PM & 7:00 PM	September 15th 1:00 PM & 7:00 PM	September 16th 1:00 PM & 7:00 PM
Two locations	Three locations	Three locations	Three locations
Saddle Brook Marriott 138 New Pehle Avenue Saddle Brook, NJ	Islandia Marriott Long Island 3635 Express Drive North Islandia, NY	Hanover Marriott 1401 Route 10 E Whippany, NJ	Doubletree Metropolitan Hotel New York City 569 Lexington Avenue at 51st Street New York, NY
Westchester Marriott 670 White Plains Road Tarrytown, NY	New York Marriott East Side 525 Lexington Avenue at 49th Street New York, NY	Hilton Long Island/Huntington 598 Broad Hollow Road Melville, NY	Renaissance Westchester Hotel 80 West Red Oak Lane West Harrison, NY
	Sheraton Edison Hotel Raritan Center 125 Raritan Center Parkway Edison, NJ	New York Marriott Downtown 85 West Street at Albany Street New York, NY	Sheraton LaGuardia East Hotel 135-20 39th Avenue Flushing, NY



Attendees receive a **FREE Secrets of Real Estate Marketing CD-Rom**—a \$129 value—plus a bonus class on probate investing!



Registration begins 30 minutes prior to the start of classes. Classes begin promptly at the scheduled time. Donald Trump will not appear at the event.

Fig. 2

35. Another advertisement (see Fig. 2 at right) stated:

“Are YOU the next DONALD TRUMP?” “Come Prove it to me!”

My team of real estate experts is coming to your area in the next few days to conduct my Intro Apprenticeship Workshop.

Attend my Intro Apprenticeship Workshop and learn how to:

Use short sales to CONTROL property

Buy FORECLOSED properties from banks at deep discounts

Increase your financial POWER with leverage

Negotiate PROFITABLE deals that meet your goals

Develop CONFIDENCE to succeed in real estate

My Intro Apprenticeship Workshop is FREE!

[signed: Donald J. Trump.]

(Ex. M2 (emphasis in original); see also Ex. M3 (additional Trump University advertisements).)

36. Trump University also sent prospective students in New York and elsewhere direct mail solicitations inviting them to attend a free Trump University class. At least forty-one such solicitations in 2009 alone contained the misrepresentation that Trump University’s instructors were “handpicked” by Donald Trump. One such solicitation, signed by Donald Trump, invited prospective students to “come to my free class” where “[i]n just 90 minutes, my hand-picked instructors will share my

**“Are YOU the next DONALD TRUMP?”**

**“Come prove it to me!”**

**I WANT PEOPLE WHO WANT SUCCESS.**

If you Think **BIG** and believe you've got what it takes to succeed, I want you! The last two years of economic crisis have taught us one thing — you can't rely on anybody else for your financial future. 15 million unemployed Americans know this all too well. But America is the land of opportunity. Driven by hard work, entrepreneurial spirit, and sheer determination, we keep coming back. Come on America, pull yourself up! If you're ready to take charge of your own future, listen carefully... 76% of the world's millionaires made their fortunes in real estate. My father did it, I did it, and now I'm ready to teach you how to do it. My team of real estate experts is coming to your area in the next few days to conduct my Intro Apprenticeship Workshop. This is YOUR opportunity to create wealth for yourself without ever depending on anyone else.

*“I'm very excited to return to the original premise of The Apprentice. We've got to do something about the economy and this is a terrific way to provide jobs as well as business lessons along the way. I'm proud to be putting people back to work, and positively changing the psychology of America. If you think you've got what it takes to be my Apprentice, you need to attend my workshop.”*

— Donald J. Trump

**HOME FOR SALE**

**Now is the Time to Invest in Memphis!**

No matter your investment goal, this is the time to get started! Whether you're brand-new or are an experienced real estate investor, you'll be amazed by the proven strategies we'll teach you.

Seating is very limited and my Intro Apprenticeship Workshops always fill up fast. Register today at:

TrumpSuccessWorkshop.com or call 888-878-6714

Don't miss this opportunity!

**TRUMP**  
Succeed with Trump

*“During my three-day mentorship with Trump University, I learned what to look for in home values and precisely how to quantify these values. Within three days of going to Vegas, my first offer on a property was accepted for 40 percent of what it had originally sold for two years earlier. As a result, I made a profit of \$30,000 on my first deal—a flip property that lasted on the market for only two days. The training and mentoring I received from Trump University has reinforced my belief that it's never too late to reach your goals in life. If I can do it, I know you can too!” - Robert Vargas, Los Angeles, CA*

**Attend my Intro Apprenticeship Workshop and learn how to:**

- Use short sales to CONTROL property
- Buy FORECLOSED properties from banks at deep discounts
- Increase your financial POWER with leverage
- Negotiate PROFITABLE deals that meet your goals
- Develop the CONFIDENCE to succeed in real estate

**My Intro Apprenticeship Workshop is FREE!**  
Reserve your seat today!  
TrumpSuccessWorkshop.com • 888-878-6714

**ADMIT ONE PARTNER PREMIUM SEATING**

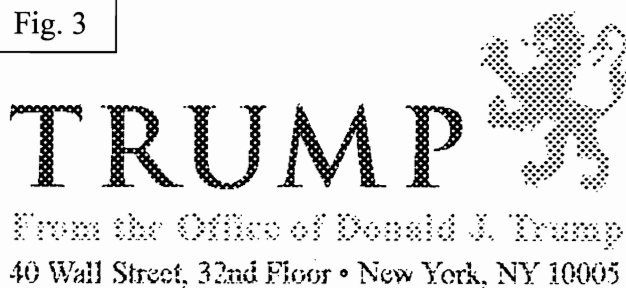
PLEASE REGISTER AND BRING THIS TICKET WITH YOU WHEN YOU ATTEND

<b>TUESDAY</b> April 27th 1:00 PM & 7:00 PM Memphis, TN Memphis Marriott East 2625 Thousand Oaks Boulevard	<b>WEDNESDAY</b> April 28th 1:00 PM & 6:00 PM Memphis, TN Doubletree Hotel Memphis Downtown 185 Union Avenue
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Registration begins 30 minutes prior to the start of classes. Classes begin promptly at the scheduled time. No. Trump will have access at the venue.

techniques, which took my entire career to develop.” The letter advised: “Then just copy exactly what I’ve done and get rich.” (See, e.g., Ex. M4; see also *infra* Fig. 4.) In other solicitations, bearing Donald Trump’s signature, Donald Trump asserted that “I’m sharing my proprietary ‘Blueprint For Real Estate Success’” and invited prospective students to attend a “FREE Trump Training Workshop” in their area to be led by “[m]y hand-picked instructors.” (See, e.g., Ex. M5.) Many of the solicitation letters also bore a logo at the top that read “TRUMP” and “From the Office of Donald J. Trump” and often included at the bottom the address “40 Wall Street, 32nd Floor - New York, NY 10005.” (See, e.g., *id.*; see also *infra* Fig. 5.) Envelopes had similar branding and information, with the return address noted as “TRUMP, From the Office of Donald J. Trump, 40 Wall Street, 32nd Floor, New York, NY 10005,” under which was written “Are YOU my next Apprentice?” followed by Donald Trump’s name and signature. (Ex. M6; Fig. 3.)

Fig. 3



**“Are YOU my next Apprentice?”**



— Donald J. Trump

Fig. 4

Dear Friend:

You may never have another opportunity this big or this life-changing as long as you live. In fact, this may be the single best moment to get into real estate investing. *Ever.*

But before you jump in, I want to give you the benefit of my experience – to show you what to do and *not do* in this fast-changing market, and how to use it to turbo charge your earning power.

As you can see, this is the best time to get into real estate investing to create the optimum environment for getting seriously into real estate. If you jump in before everyone else figures it out.

1. **U.S. housing prices have sunk at the fastest rate in 2 decades** – people are desperate to sell and they're slashing prices so you can buy on the cheap.
2. **Housing inventories are at a 24-year high** – the market's flooded and even great property can't move fast enough.
3. **Interest rates haven't been this low in over 40 years** – which means you can fund your investments for considerably less.

All this adds up to the best prices and lowest carrying costs on your pick of high quality real estate.

It doesn't get any better than this. But I would advise that, before you try to profit in real estate on your own, you get a plan, have an airtight strategy and learn from the best.

Come to my free class. In just 90 minutes, my hand-picked instructors will share my techniques, which took my entire career to develop. Then, just copy exactly what I've done and get rich.

The free class will give you 7 takeaways from my top-tier instructors, trained in my every investment strategy. You can actually start using your new-found knowledge right away to profit.

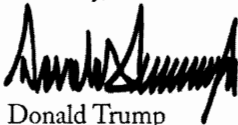
For example, you'll learn how you can:

- Build wealth faster and easier with real estate investing than via any other means.
- Profit from today's real estate market with little or no money.
- Make money while actually saving others from financial ruin.

Look, you've already got a pair of tickets in hand to a free class right in your area. You just need to reserve your spot. Typically seats get snapped up within 1-2 days, so pick up the phone and call 1-888-TRUMP-09 (1-888-878-6709) or RSVP at [www.TrumpULive.com](http://www.TrumpULive.com).

Remember, you can still make a killing in real estate. I hope we'll see you in your free class so you learn to do it right.

Sincerely,



Donald Trump

REGISTER NOW – Call Toll-Free: 1-888-TRUMP-09 (1-888-878-6709)  
Or register online at [www.TrumpULive.com](http://www.TrumpULive.com)

PS-Attendees receive a FREE *Secrets of Real Estate Marketing* CD-Rom—a \$129 value—plus a bonus class on probate investing.

Fig. 5



Dear Investor,

**What would your life be like now if you had invested in real estate during the buyer's market of the 1990s?** Smart people who *did* buy investment properties then, now enjoy a life that most only dream about ... monthly positive cash flow ... passive income ... the freedom to work less or even quit their jobs forever. **Many of those investors are now multimillionaires.**

But you don't have to wonder, what if. **In today's HISTORIC BUYER'S MARKET, you have another opportunity to build your wealth and become one of the new millionaires who emerge from this crisis.** I'm advising people to buy—but not to buy blindly.

That's why I'm sharing my proprietary "Blueprint For Real Estate Success" ... knowledge that can **empower you to be the one who wins in this downturn.** You've seen other real estate courses offered by so-called experts. But no course offers the same depth of insight, experience, and support as the one bearing my name, the one from Trump Training Workshops.

Learn more about building wealth and creating financial freedom at a **FREE Trump Training Workshop**, coming to your area soon!

**My hand-picked instructors and mentors will show you how to use real estate strategies to:**

- ▶ Supplement or even replace your income
- ▶ Secure your long-term financial future
- ▶ Find targeted leads in your neighborhood
- ▶ Negotiate win-win deals
- ▶ Work less and achieve your dreams
- ▶ Start profiting today!

*Now* is the time to create your financial legacy. **You can do it**, even if you only have five or ten hours a week to spare. With our simple instructions and practice exercises—and ongoing support from your own Trump Team of Experts—you'll have what you need to succeed!

**You don't want to ask yourself—10 years from now— why you didn't invest in today's historic buyer's market. Learn from the best and start working on the future you've always dreamed of right now!**

**YOU CAN BUILD WEALTH and CREATE FINANCIAL FREEDOM IN TODAY'S ECONOMY!**

Call 1-888-878-6709 or log onto [www.TrumpULive.com](http://www.TrumpULive.com) to attend the upcoming workshop in your area.

A handwritten signature in black ink, appearing to read "Donald J. Trump".

Donald J. Trump

P.S. Attend my Trump Training Workshop to receive a **FREE GIFT** copy of my blockbuster CD, *Secrets of Real Estate Marketing ... a \$129 value!*

P.P.S. I always say, learn all you can, then take action. **See the other side of this letter to learn what people like you have to say about their experiences with Trump Training Workshops.**

37. Trump University made similar claims on its website, trumpuniversity.com, as well as when individuals called Trump University. The website stated:

What if you had the opportunity to hit the streets with an experienced real estate investor, hand-selected by Donald J. Trump to show you the way to success? And what if that same expert was by your side, helping you:

- Scope out potential deals
- Set up your personal power real estate team
- Check the facts
- Avoid costly mistakes
- Estimate repairs
- Make a smarter offer
- Create a contract and offer letter
- Create exit strategies
- And most importantly, close that life-changing deal?!

(Ex. N1 (archived view from trumpuniversity.com, Feb. 25, 2009); Ex. N2 (archived view from trumpuniversity.com, Aug. 15, 2008).) Additionally, in a Trump University phone script to answer frequently asked questions, customer service representatives were instructed to tell callers that Trump University’s free seminar “will be led by [Donald Trump’s] handpicked team of real estate experts.” (Ex. N3 (e-mail from Brad Schneider, Dec. 14, 2007).)

38. In actuality, as described below, much of what Trump University asserted in these advertisements and promotions was not true.

39. Instead, the free seminars were the first step in a bait and switch to induce students to enroll in increasingly expensive seminars starting with the three-day \$1495 seminar and ultimately for one of respondents’ advanced seminars such as the “Elite” program costing \$35,000.



### **Trump University's Free Seminar: A Sales Pitch for Trump University's Three-Day \$1495 Seminar**

40. As described below, at the free 90- or 120-minute introductory seminars to which Trump University advertisements and solicitations invited prospective students, Trump University instructors engaged in a methodical, systematic series of misrepresentations designed to convince prospective students to sign up for the Trump University three-day seminar at a cost of \$1495.

#### ***Claims About Students' Likelihood of Success After Attending the Three-Day Seminar***

41. The instructors convinced students to purchase the three-day seminar by misrepresenting their likelihood of success in real estate investing after attending the seminar, the time it would take to achieve that success, and the time they would need to spend on investing in order to be successful:

- “Let us assume that you do register for this three-day training. You go to training, you do exactly what we tell you to do, after the training and you go out and you do your first foreclosure deal. You find your first good deal in the first 21, 30 days. And, you got a hard money lender to give you the money, buy the house as is, they give you \$26,000 to fix the place up . . . and you still walk away from that deal at the end of seven months with a check in your pocket for \$38,000.” (Ex. H16 (Rich presentation, Mar. 3, 2009) at 16; *see also id.* at 27-28.)
- “Now, how many of you in here is ready [sic] to make a six figure income in the next 12 months? How many of you are willing to put five to seven hours a week into doing that? How many of you would like to have me as your personal mentor and helping you with your first couple of transactions, great. If you said [yes] to those, any of those, go ahead and stand up right now . . . go to this side of the room . . . see Judy, head on back to Judy, right now.” (Ex. H11 (Kasper presentation, Mar. 1-3, 2008) at 34.)
- “What if you go out and you learn how to do it because you have help, someone holding your hand, willing to teach you how to do it, we got a whole bunch of people to do that. I mean what if you went out and made \$50,000.00 this year, amazing \$50,000.00? How many of you would like to learn how to make six figures part-time just next year? Can you give me a big yes?” (Ex. H17 (Sperry presentation, Aug. 25, 2009) at 8.)

- “Now, remember at the first of the class, I promised you a 25 to 55 grand [sic], do you remember that? In the next 90 days?” (Ex. H6 (Leitzell presentation, Mar. 5, 2009) at 28.)
- “[I]f you have not got a first deal in 21 days going [sic], you did not show up to class. I told you earlier, it takes four hours a week to do any deal so you just need a little bit of time management, ten steps to close any deal.” (*Id.* at 42.)
- “During the free presentation, we were encouraged to sign up for a three-day seminar with Trump. We were told that, with the information we would learn from Trump during the three-day seminar, we would be able to purchase a piece of real estate within thirty days and start making money.” (Pierre Aff. (Ex. K20) ¶ 5.)

(*See also, e.g.*, Savage Compl. (Ex. L38); Ex. H18 (Harris presentation, Nov. 10-13, 2008) at 31; Ex. H19 (Harris presentation, Jan. 5, 2009) at 19-20, 22, 64.)

42. These claims of success stand in stark contrast to the statements Trump University instructors subsequently made at the three-day seminars — telling students that they were unlikely to succeed after just the three-day seminar, that they needed mentoring in order to succeed, and that it was extremely unlikely that any of the students would meet with such quick success. (*See infra* ¶¶ 75-84.) In fact, as discussed below, many Trump University students who worked to apply what they had learned met with frustration and often ended up worse off financially than they had been before. (*See infra* ¶¶ 110-11.)

43. Former president Michael Sexton admitted in his sworn testimony that “[t]here wasn’t anything sophisticated about” the three-day seminar (Sexton Tr. (Ex. B) at 161) and that instead it was “really an opportunity for an individual to make the decision[:] is real estate investing something that I am actually going to pursue[?]” (*id.* at 174) rather than actually teaching them what they needed to know to invest.

***Claims That Trump University Speakers Were “Handpicked” by Donald Trump***

44. In its advertisements and solicitations (*see supra* ¶¶ 33-39), and later in its instructional materials and communications to students attending its seminars, respondents routinely reiterated the false claim that Donald Trump “handpicked” Trump University’s instructors.

45. An introductory video featuring Donald Trump was typically played at each of Trump University’s free seminars. (*See, e.g.*, Ex. O (introductory video); Ex. P (audio recording of Gorsline presentation, July 8, 2008, including playback of introductory video beginning at 1:34:42); Ex. H59 (transcript of Gorsline presentation, July 8, 2008) at 36-37; Ex. H12 (Martin presentation, Oct. 20-24, 2008) at 2 (transcription from introductory video); Ex. H20 (Harris presentation, Nov. 5, 2008) at 2 (same); Ex. H21 (Gorsline presentation, Sept. 22-25, 2008) at 33-35 (same); Ex. H22 (Shortle presentation, Jan. 26, 2009) at 2 (same).)<sup>7</sup> The video was designed to persuade prospective students to sign up for Trump University.

46. In the introductory video, Donald Trump himself tells prospective students:

[W]e’re going to have professors that are absolutely terrific — terrific people, terrific brains, successful, the best. We’re going to have the best of the best. And honestly, if you do not learn from them, if you do not learn from me, if you do not learn from the people that we are going to be putting forward — and **these are all people that are handpicked by me** — then you’re just not going to make it in terms of the world of success.

(Ex. O (Donald Trump introductory video) (emphasis added); *see also, e.g.*, Ex. H12 at 2; Ex. H22 at 2.)

47. Trump University instructors repeatedly represented that they had been chosen personally by Donald Trump to be instructors, that they had other personal connections to or

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<sup>7</sup> Exhibits O (introductory video) and P (audio recordings of free seminars) cannot be included in the electronically filed version of this Affirmation but will be included with the courtesy copies to be provided to the Court and respondents.

relationships with Donald Trump, and that the Trump University staff and mentors were all handpicked by Donald Trump:

- Melvin Rich told one audience that “I have been successfully investing in real estate for the last eight years . . . So this is why Mr. Trump picked me to come out here and train with you guys.” He later said, “I was flown here by Mr. Trump at Trump University to give you guys some lessons in money. And Mr. Trump mentioned this last Friday night. He said, ‘Look, if people in America would understand how money operates in this country, understand how the banks work Government taxes, they will never live paycheck to paycheck again. And, I mean never.’” (Ex. H16 (Melvin Rich presentation, Mar. 3, 2009) at 2, 14.)
- Steve Goff referred to himself and James Harris as “**Donald Trump’s personal real estate coaches.**” (Ex. H3 (S. Goff presentation, Nov. 3, 2008) at 51 (emphasis added).)
- At another seminar, Keith Sperry was introduced to students as one of “Donald Trump’s handpicked instructors.” (Sperry presentation, June 4, 2009) at 2.) Sperry then told the audience: “Now at the end of 90 minutes, I am going to invite you to go back with me and go back with **Donald Trump’s handpicked staff** and we are going to go and then we are going to enroll you to join up with us . . . .” (Ex. H23 (Sperry presentation, June 4, 2009) at 5 (emphasis added).)
- James Harris claimed that he was personally recruited by Donald Trump: “He does not need any more money but he definitely wants to leave his legacy and when he called [I] said [‘]hey man, I am going to jump on board because at 38, I am pretty much retired here. I do not have to work another day in my life.” (Ex. H24 (Harris presentation May 3, 2008) at 4.) Harris later said: “[I]f you wanted to learn how to get a head financially with you and your family, you might want to spend it with who? **Donald Trump and his people, because he hand-picked us, me and my team, all the mentors, everybody with Trump U are hand-picked by Mr. Trump.**” (*Id.* at 43 (emphasis added).)
- Mike Kasper made a similar claim: “One of the reasons why I am here today is I got a call last October and I just completed a Skyrise in Las Vegas, on[e] of my projects there and with Donald Trump, I did not know they knew I existed but the Donald Trump building went there as well. **He had asked if I would come out and spend a little time educating people on foreclosures and on investing real estate and I said sure, what do you have going on,** he says, this is what I have done. I have put together a University and we are bringing top people like you to be active in the process and doing Real Estate deals actively to come in and teach people how to do it hands-on.” (Ex. H11 (Kasper presentation, Mar. 1, 2008) at 2 (emphasis added).)

48. In fact, none of the speakers were handpicked by Donald Trump or had ever been one of his “personal real estate coaches.” As Michael Sexton admitted in his testimony, “[n]one of our instructors at the live events were hand picked by Donald Trump.” (Sexton Tr. (Ex. B) at 157; *see also id.* at 236.) Indeed, only one of the live event speakers for Trump University — an instructor for one of the advanced courses — had ever even met Donald Trump. (*See id.* at 156-57.)

49. These representations induced students to purchase Trump University seminars.

- “I had some trust in the program because it was run by Donald Trump” and “was led to believe that . . . based on Trump’s marketing materials, the course professors had been handpicked by Donald Trump.” (Harris Aff. (Ex. K14) ¶ 3).
- “We were also told that [the speakers] worked personally with Mr. Trump, and that we had just missed getting a chance to see him in person.” (Cunningham Aff. (Ex. K6) ¶ 4.)

(*See also* Affs. of Appel (Ex. K2) ¶¶ 7, 15 (Steve Goff and Chris Goff each claimed to have been “hand-picked” by Donald Trump); Basile (Ex. K3) ¶¶ 6, 8 (Stephen Gilpin claimed to be friends with Trump); Cohen (Ex. K5) ¶ 6 (Gerald Martin and Keith Minchew claimed to have known and personally worked with Trump); Scott (Ex. K22) ¶ 7 (James Harris claimed to work personally with Trump).)

#### ***Efforts to Use Donald Trump’s Celebrity Image to Lure Students into Signing up for Trump University***

50. Trump University speakers repeatedly implied that Donald Trump would appear at the three-day seminar, claiming that he “is going to be in town” or “often drops by” and “might show up” or had just left, or baited students with the promise of a “surprise” or a “special guest speaker.” (*See, e.g.*, Ex. H12 (Martin presentation, Oct. 20-24, 2008) at 9; Ex. H25 (Harris presentation, May 29-31, 2009) at 3; Ex. H26 (Harris presentation, May 8-10, 2009) at 26); *see*

also Ex. H18 (Harris presentation, Nov. 10-13, 2008) at 37 (comparing the three-day seminar to the experience of having Bill Gates, Tiger Woods, or Warren Buffett “show up” to teach).)

51. In other instances, instructors represented that Donald Trump himself would be involved in the training or instruction. (*See, e.g.*, Ex. H23 (Sperry presentation, June 4, 2009) at 32 (“You are going to get trained by Trump, Mr. Trump. He is going to teach you how to do this. . . .”); Ex. H5 (Leitzell presentation, May 4, 2009) at 36 (“Would you rather work with Mr. Trump? One person, would you like to work with Mr. Trump?”).)

52. As students later discovered, these claims were untrue:

- “We were also told that at the three-day seminar we would get to have our pictures taken with Donald Trump. It ended up being a cardboard cutout of Mr. Trump.” (Meese Aff. (Ex. K17) ¶ 3.)
- “We were also told that Donald Trump often drops by the seminars, and that ‘you never know when he might show up’ . . . . At the seminar, Donald Trump’s photograph hung from the entrance of the hotel ballroom, but Mr. Trump was nowhere to be seen. I was looking forward to taking a picture with him personally, not with a cardboard cutout of him, like I ultimately wound up doing.” (Rodriguez Aff. (Ex. K21) ¶¶ 4-5.)
- “With all the pictures of Donald Trump and talk of a “special guest speaker,” I thought that Donald Trump would make a personal appearance, but he did not.” (Paredes Aff. (Ex. K19) ¶ 7.)

(*See also* Affs. of Cunningham (Ex. K6) ¶ 4); Hanna (Ex. K13) ¶ 6.)

53. Trump University used this celebrity branding throughout its seminars. They played the theme song from Donald Trump’s popular reality television shows *The Apprentice* and *The Celebrity Apprentice* — “For the Love of Money,” by the O’Jays — at the beginning and/or end of the presentation. (*See, e.g.*, Ex. P (audio recording of Gorsline presentation, July 8, 2008); Ex. V (Trump University Playbook) at 21.) They encouraged students to have their photographs taken with a life-size photo of Donald Trump. (*See* Affs. of Guillo (Ex. K11) ¶ 8; Meese (Ex. K17) ¶ 3; Rodriguez (Ex. K21) ¶ 5). Moreover, as noted above, an introductory

video featuring Donald Trump persuading students to sign up for Trump University was typically played at each of Trump University’s free seminars. (*See supra* ¶¶ 45-46.)

54. Trump University also claimed that Donald Trump was not profiting from Trump University and founded it solely for philanthropic or “legacy” purposes. According to Trump University speakers, students’ payments for the three-day seminar would not go to Donald Trump. This was not true. Trump netted about \$5 million in profit from Trump University. (*See infra* ¶ 122.) Notwithstanding this fact, instructors claimed that the costs of Trump University programs were designed to ensure that students would feel invested in them. (*See* Ex. H1 (Harris presentation Mar. 13-15, 2009) at 2, 22, 25-26 (“Donald does not need your money. It does not go to him, it goes to the University.”); Ex. H37 (Harris presentation June 4, 2009) at 39; Ex. H16 (Rich presentation, Mar. 3, 2009) at 3; Ex. H41 (S. Goff presentation, May 15-17, 2009) at 3; Ex. H6 (Leitzell presentation, Mar. 5, 2009) at 38.) Similarly false claims were also made regarding the Trump Elite programs. (*See, e.g.*, Ex. H42 (Harris presentation, Feb. 27-Mar. 1, 2009) at 13-14 (“Donald Trump doesn’t need your money. He needs a success story. He needs your testimonial to build this university . . .”); Ex. H43 (S. Goff presentation, Feb. 13-15, 2009) at 5; Ex. H36 (Harris presentation, July 18-20, 2008) at 12.)

***Claims that Trump University Taught Donald Trump’s Own Strategies and Techniques for Investing in Real Estate***

55. As touted in respondents’ advertisements (*see supra* ¶¶ 33-39), Trump University instructors repeatedly represented that its seminars would teach students Donald Trump’s personal strategies and techniques for real estate investing. These claims were then repeated by Trump University instructors in their claims about the three-day seminars, including detailed representations that particular content and materials included with the three-day seminar — such as scripts for telephone calls, lease agreements, and a “maximum offer worksheet” — were

created or reviewed by Donald Trump himself. (*See, e.g.*, Ex. H27 (Shead presentation, Feb. 23-26, 2008) at 5 (“How many of you would like to learn some of Donald Trump’s techniques on how to invest on real estate.”); Ex. H28 (Stamper presentation, Feb. 12-14, 2008) at 3 (“[T]hat is where you are go[i]ng to learn from, his techniques.”); Ex. H7 (Sperry presentation, June 9, 2009) at 11 (“[W]e’re going to show you exactly how Mr. Trump does it . . .”); *id.* at 42 (“Now, Mr. Trump has condensed this into what you need to know and get rid of all the other fluff and we’re going to teach it to you in three full days straight . . .”); Ex. H29 (Chapman presentation, Jan. 27, 2009) at 15 (“[Y]ou use one of the many scripts that Donald Trump has written for us. It is available at the university.”); Ex. H22 (Shortle presentation, Jan. 26, 2009) at 6 (“Mr. Trump is an active part of the institute.”); *id.* at 28 (“[W]e will follow along through the Trump curriculum and he is a big part of that.”); Ex. H30 (Leitzell presentation, Apr. 8, 2009) at 42 (“We are also going to get Mr. Trump’s maximum offer worksheet. . . . That is coming from — I call [him] the big guy, Mr. Trump. Now, we are also going to get Mr. Trump’s world’s best lease agreement . . .”); Ex. H20 (Harris presentation, Nov. 5, 2008) at 47 (“Mr. Trump put together put together a 40-paragraph lease agreement . . .”); Ex. H21 (Gorsline presentation, Sept. 22-25, 2009) at 29 (“You will learn Donald Trump’s negotiating system for real estate.”).)

56. In fact, this was not the case: Donald Trump never participated in the creation of the content of Trump University’s live seminars. Trump University’s own former president, Michael Sexton, testified that Donald Trump “never” reviewed curricula (Sexton Tr. (Ex. B) at 127), nor did he review or participate in the creation of any of the content for the free seminars (*id.* at 160-61) or the three-day seminars (*id.* at 163).

57. Tellingly, when Sexton was asked during his subpoenaed testimony what Donald Trump techniques were taught during the seminars, Sexton’s answer was: “Mr. Trump has made



investments with foreclosures. We cover[ed] investing with foreclosures.” (*Id.*) When asked to elaborate further, Sexton was unable to identify any specific Donald Trump techniques or strategies taught in the courses. (*Id.* at 163-65.)

58. Instead, the contents and materials presented by Trump University were developed in large part by a third-party called Entrende and to some extent by Trump University’s instructors and mentors. Entrende, along with its chief executive officer, David Early, creates and develops materials for an array of seminar companies and motivational speakers — including RCI (a company that sells vacation timeshares), an entity called the “American Cash Flow Institute,” and motivational speakers and wealth-creation writers Robert Allen and Mark Victor Hansen. (*See, e.g.*, Ex. Q (background page from Entrende website); Ex. R (background pages from websites regarding RCI, Allen, and Hansen).) According to Entrende’s website, “for over three years David [Early] helped create and market Trump University,” including “PowerPoint presentations and educational content” and he “even personally trained Trump’s speakers and staff.” (Ex. Q; *see also, e.g.*, Exs. S1-S4 (instances of Early and Entrende creating and editing Trump University’s curricula and materials); Exs. T1-T3 (reviewing and provided feedback on transcripts and audio recordings of Trump University presentations); Exs. U1-U3 (training and coaching the Trump University instructors).)

59. In addition, Sexton testified that Trump University “relied on the instructor’s materials as the base for [its] curriculum” (Sexton Tr. (Ex. B) at 136-37), and indeed, instructors such as Steve Goff and Chris Goff either drafted, edited, or contributed to the materials and curricula developed and used by Trump University. (*See, e.g.*, Appel Aff. (Ex. K2) ¶ 9 (noting that Trump University mentor Chris Goff was credited with developing the curriculum and

training the mentors); Ex. H31 (S. Goff presentation, Mar. 20, 2009) at 6 (claiming that he created the curriculum, methods, and materials for one of the advanced seminars).)

60. Trump University’s repeated claims that the seminar material consisted of Donald Trump’s own personal strategies were part of a deliberate effort to characterize generic material common to motivational seminars on real estate — or even general terminology such as “price per square foot” or basic financial clichés like “buy low and sell high” — as being unique or specific to Donald Trump. The ultimate goal was to lure students with Donald Trump’s fame and celebrity status:

- “What is this?” James Harris asked the audience at one free seminar. “PPSF. This is for 10,000 bonus points. Who knows what [that] stands for? That means price per square foot. This is Donald Trump’s evaluation tool.” (Ex. H24 (Harris presentation, May 3, 2008) at 12.)
- “Donald says the best wealth building principal [sic] is ‘to buy low and sell high.’” (Ex. H32 (Ulmer presentation, Feb. 18, 2008) at 11.)
- “So what we are going to do is show you some strategies, Mr. Trump’s strategies by the way. These are not my strategies I am going to be teaching here today. What we are going to teach you on Mr. Trump’s strategies in this area. Nobody knows this area better than Mr. Trump in real estate investing. . . .” (Ex. H23 (Sperry presentation, June 4, 2009) at 3.)

61. Trump University’s marketing strategy had its intended effect: many students purchased the three-day seminar for \$1495 each because of Trump University’s implied and express associations with Donald Trump, his success in real estate and his status as a celebrity businessman, and they were given the misimpression that Donald Trump was directly involved with the creation and review of the “techniques” and “strategies” it presented:

- “I had some trust in the program because it was run by Donald Trump, a billionaire who owed his monumental success to real estate investment. . . . I was led to believe that the lesson plan for the seminar included his input . . .” (Harris Aff. (Ex. K14) ¶ 3.)

- “I decided to sign up for a Trump seminar because it had Donald Trump’s name on it. I associated Donald Trump with quality and excellence and thought he and the products associated with him would be the best of the best.” (Appel Aff. (Ex. K2) ¶ 4.)
- “Mr. Harris said that Mr. Trump established a ‘University’ for students who wanted to learn the techniques Mr. Trump used to become a billionaire real estate investor. Pictures were taken of us standing next to a cutout of Mr. Trump.” (Guillo Aff. (Ex. K11) ¶ 8.)

(See also Affs. of Paredes (Ex. K19) ¶ 3 (“Trump is the king of real estate, and I wanted to learn from the best.”); Rodriguez (Ex. K21) ¶ 3; Cohen (Ex. K5) ¶ 3; Meese (Ex. K17) ¶ 6; Cunningham (Ex. K6) ¶ 3 (“Because of the Trump name — and Donald Trump’s status as a real estate tycoon — I believed Trump to be the “gold standard” in real estate investment courses.”); Lando (Ex. K16) ¶ 3; Ferrara (Ex. K8) ¶ 5; Fisher (Ex. K9) ¶ 3 (“[A]t the time, I believed that Donald Trump’s name added to the course’s legitimacy.”))

### ***Misrepresentations as to What Would Be Included in the Three-Day Seminar***

62. In addition to touting the role of Donald Trump in the three-day seminars, Respondents made a number of false claims regarding the content of the seminars.

63. Comprehensiveness of the Three-Day Seminar – Trump University speakers represented that the three-day seminar would teach students “everything you need to know” about investing in real estate — although, as described below, these representations were false.

- **“We will teach you everything you need to know in making [it] in real estate.”** (Ex. H3 (S. Goff presentation, Nov. 3, 2008) at 51 (emphasis added).)
- **“This will be the last investment, this three-day weekend; you come to next weekend that you will ever have to make in real estate for the rest of your career [sic].”** (Ex. H33 (Harris presentation, July 23, 2008) at 69 (emphasis added).)
- **“[T]hose of you who come to spend this three days in two weeks, because I am going to tell you this will be the last real estate education you will ever need for the rest of your life.”** (Ex. H24 (Harris presentation, May 3, 2008) at 5 (emphasis added).)

- “I am going to train your assets [sic] for three days with my power team come from Mr. Trump. We are going to show you how to do this from A to Z.” (*Id.* at 41-42)
- “Come and spend three days. You are going to get enough information to go out and do this.” (*Id.* at 53.)
- “Mr. Trump is going to have his top nationwide instructor and his power-team spend three full days with you guys in Manhattan teaching you step-by-step in detail hands-on training on how to invest in foreclosures and make a lot of money.” (Ex. H16 (Rich presentation, Mar. 3, 2009) at 2.)
- “We were told that after the three-day seminar we would be ready to do real estate deals on our own.” (Basile Aff. (Ex. K3) ¶ 5.)
- “The speakers . . . promised to teach us all that we would need to know for success in real estate investment if we signed up for the Trump three-day program.” (Fisher Aff. (Ex. K9) ¶ 4.)

(*See also, e.g.*, Compls. of Andreu (Ex. L2), Arroyave (Ex. L3), Raymond (Ex. L34).)

64. Access to “Private” or “Hard Money” Lenders and Financing – Trump University speakers claimed that students who participated in the three-day program would obtain insider access to financing for their real estate deals. In particular, instructors represented that the three-day seminar would provide special instruction on how to obtain alternative “private” or “hard money” sources of financing, rather than traditional loans from banks, and, in some cases, that the instructors themselves were hard money lenders to whom students would have special “access”:

- At one free seminar, Trump University instructor Steve Goff told the audience: “I did not need a bank in five years. I am an expert in raising private money. **I am going to teach you how to raise private money.**” (Ex. H3 (S. Goff presentation, Nov. 3, 2008) at 40 (emphasis added).)
- Goff later repeated the misrepresentation, claiming that the three-day seminar would include “**three or four hours of teaching how to [raise] private money** or you talk about hard money loans, we are going to talk about this owner financing. . . . “[W]e are going to teach how to [get] . . . private sources of money,

other people's money. Folks, I do not want you to go into the bank anymore.” (*Id.* at 46 (emphasis added).)

- Other speakers made similar claims, sometimes touting James Harris as a private money lender himself and raising the possibility that students could enter joint ventures with Harris or other lenders: “Now, the hardest thing is to find money right now but we are going to show you how to use private money investors and hard moneylenders. **Now James [Harris] who is going to be training you is a private money investor himself.** . . . Now, we can do something with private moneylenders, it is called the Joint Venture Agreement. Has everybody ever heard of a Joint Venture Agreement? . . . It is basically when two people partner up with each other. Now, with private money investors, no guarantees, we got to look at the deal and you got to show up to class. **But we can give you access to them. . . . [W]e are going to show you how to submit proper offers to private moneylenders and hard moneylenders.**” (Ex. H6 (Leitzell presentation, Mar. 5, 2009) at 50 (emphasis added).)
- “Also, hard money lenders, private money lenders, again, we’re going to have private money at your class, everybody say hello Uncle Jimmy! **Jim Harris is a private money lender. He does that, so you have private money there. So bring your ideas. Access is key.**” (Ex. H34 (Sperry presentation, Jan. 18, 2010) at 10-11 (emphasis added).)

(*See also, e.g.*, Ex. H35 (S. Goff presentation, Feb. 9, 2009) at 14 (“I’m going to teach you how to bring in a private money investor, a hard money lender that’s going to put the money up to buy it. . . .”); Raymond Compl. (Ex. L34).)

65. Some Trump University presentations claimed that they had a “list” of “hard money lenders” in the locality where the presentation was held, as well as nationally, and that they would personally help students to gain access these sources of alternative financing. For example, James Harris told one free seminar the following:

“I am going to teach you how to get money from hard moneylenders. . . . Your area around here, hard moneylenders, I got a list of them, they are going to charge you 15%. They are looking for three months interest-only payments but they will give you all the money. . . . **Guys these hard moneylenders are going to loan you the money.** . . . I will show you how to get a 100% financing on all your deals [sic]. All you have to do is bring this stuff with 65% loan to value. . . . **I got a database of the top 300 hard money lenders and private money people from all across the nation. I have been borrowing money from these people for 19 years and I will show you how to do it, as well.**”

(Ex. H24 (Harris presentation, May 3, 2008) at 27-28 (emphasis added); *see also id.* at 31, 44 (“Guys, I have the list of all the top hard money lenders and private money people in the country, you cannot find any other.”).)

66. In fact, there is no evidence that the three-day seminars contained substantive instruction on “how to raise private money,” and the supposedly special “database” of lenders subsequently provided to students was a list copied from an issue of *Scotsman Guide*, a commercially available magazine. (*See* Ex. W1 (appendix from Trump University seminar binder).) In fact, the *Scotsman Guide* website currently gives away a similar list of hard money lenders for free. (*See* Ex. W2.)<sup>8</sup> Ultimately, once they were at the three-day program, students were told they would need to purchase and attend the “Creative Financing Retreat” in order to learn more about hard money lenders, paying an additional \$5000 (or up to \$35,000 as part of the Gold Elite package). For example, James Harris told one three-day seminar audience:

The next one I would absolutely get to is also the Creative Financing Retreat. . . . for three days it is just how to borrow money. **I cannot do that in all three days here, this is different I am giving you all of your options.**

(Ex. H1 (Harris presentation, Mar. 13-15, 2009) at 4 (emphasis added).)

67. When students at the three-day seminar approached Harris about access to private financing — after Harris himself had been touted as a private lender (*see supra* ¶ 64) — he refused to provide them with any of the promised information, let alone help with financing deals. Instead, Harris blamed the students for “approaching [him] the wrong way” and claiming that “[w]hen you approach private money wealthy people the wrong way, they will not work with you.” (Ex. H1 (Harris presentation, Mar. 13-15, 2009) at 4 (emphasis added).)

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<sup>8</sup> This document is also currently available at [http://www.scotsmanguide.com/pdfs/Matrix\\_Res/HardMoney.pdf](http://www.scotsmanguide.com/pdfs/Matrix_Res/HardMoney.pdf).

68. Ultimately, as described in further detail below (*see infra* ¶¶ 91-93), Trump University repeatedly failed to provide the promised access to “hard money” or private financing or lenders — even to students who paid \$35,000 or more for the Trump Gold Elite packages. (See Affs. of Tekinay (Ex. K25) ¶¶ 7-8; Scott (Ex. K22) ¶¶ 12-15); Basile (Ex. K3) ¶ 10.)

69. Year-Long “Apprenticeship Support” Program – Trump University also claimed that purchasers of the three-day seminar would receive a more extensive, twelve-month-long “Apprenticeship Support” program, during which Trump University “client advisers” would be available through a toll-free telephone “hotline” to answer students’ questions about real estate investing.

- “With the enrol[l]ment tonight guys, you get the Trump Premium Membership. I am going through this very quickly. Twelve months of training, guidance and support, which means you can audit the training anytime you want, you will also have an 800 toll free number that you can call when you are in a middle of the deal, you need to know, you need to pick up the phone and say, ‘Look, what contract they will use, what shall I do with this property? How much can I offer? I need some help right now.’ You are going to be able to do that with this premium membership.” (Ex. H60 (Rich presentation, Jan. 7, 2009) at 35.)
- “Client advisers, we are one of the best client advisers in the world. Those of you that decide to sign up with us, you are going to get an email from us tonight at 800 number [sic], your client adviser, all forms and contracts and webinars . . . .” (Ex. H3 (S. Goff presentation, Nov. 3, 2008) at 45.)
- “Now, everyone who enrolls for the training today, you are going to get some bonuses. This is not just a three-day training. This is a 12 month relationship with Trump University.” (Ex. H16 (Rich presentation, Mar. 3, 2009) at 30.)
- “So it is not just a three day training you are going to get with us, it is actually a 12 month relationship with Trump University. So you are going to get 12 months of training education, guidance and support. You are going to have the 1-800 number hotline to top contact the client adviser.” (Ex. H6 (Leitzell presentation, Mar. 5, 2009) at 45.)
- “We are going to give a real estate specific education, what he believes is better than the one you are going to get at Wharton and it is going to be three full days and then a 12 month of apprenticeship support program [sic].” (Ex. H23 (Sperry presentation, June 4, 2009) at 4.)

- “We are not here to build relationships for just three days. We are looking to build relationships for the rest of your life. That is coming from Mr. Trump. That is what we are looking to do.” (Ex. H36 (Harris presentation, July 18, 2008) at 15.)
- “You’re going to get a one year membership so for one year we’re going to have live events . . . **a 1-800 hotline, so in one you’re going to have to find a buyer, you can call Trump’s office and get help.** You can do that. Also we can do teleseminars . . . So for one year you can email and chat with me and I can help you.” (Ex. H37 (Harris presentation, June 4, 2009) at 41 (emphasis added).)
- “[Y]ou will have toll free in our line, support available to you, Monday through Friday business hours, East Coast time for support. Is that cool?” (Ex. H29 (Chapman presentation, Jan. 27, 2009) at 29.)
- “Donald is going to give you a one year and I want you to write this down because you’re going to forget, one year apprenticeship program. So, you’re registering for a one year Trump apprenticeship premium membership. My three-day class is just kind of throw in to get you up to speed, all right. Get a couple of deals going, show you how to work them all out, give you all your options, short sales everything. **But the one year membership is free, live events to come to all year, all right. You also get a 1-800 number hotline, if you need help.** Weekly teleseminars and webinars, you can show to every week. You got to hang out online in a multimillionaire investor club. This is cool, **you guys can email and chat with me for a year, so I can help you and I’m not going anywhere,** I’m committed to Donald for life, would that be kind of cool if you could keep in touch with me for a year?” (Ex. H38 (Harris presentation, Jan. 12, 2010) at 56 (emphasis added).)

70. More specifically, Trump University instructors told students that calling the toll-free “hotline” would allow them to reach “client advisers” or a “Trump certified professional” at Trump University’s headquarters at 40 Wall Street in Manhattan:

- “The three-day class is not the big deal! The big deal is 12 months of support because I know this. Even if we train you better than you’ve ever been trained, we kick you to the curb after three days and say you’re on your own, good luck! You’re not going to do it! But if we say, hey, we trained you great, now, if you ever have any questions, give us a call and we’ll give you an 800 number that you’re going to be able to call and you won’t reach Boca Raton, Florida in some strip mall, 132A suite! You’re going to reach 40 Wall Street, New York, New York [floor] 32 of the Trump Building and you’re going to talk to a Trump certified professional. How many of you would like to talk to a Trump certified professional in the Trump building at 40 Wall Street, would you like to have that



person answer the call and help you out, please give me a big yes! That's what we're committed to. That's what you get!" (Ex. H34 (Sperry presentation, Jan. 18, 2010) at 11.)

- “You are also going to get 1-800 hotlines. So, that means you can call the client advisers there at the Trump building you saw at the beginning 40 Wall Street on the 32nd floor during the day.” (Ex. H30 (Leitzell presentation, Apr. 8, 2009) at 44.)
- “You do not just get three days training and we say goodbye. Donald Trump's reputation is on the line, he gives you total support if you have questions, you email me, you get access to somebody at 40 Wall Street if you have a question, would you like that? . . . Not some with the satellite office down in Salt Lake City, you know. Not that that is a bad place but if you get 40 Wall Street are you liking this, yes or no?” (Ex. H39 (Sperry presentation, Mar. 25, 2009) at 40.)
- “Yet [sic] ongoing support in our real estate hotlines right there in Trump University in the Trump building at 40 Wall Street, we actually have the ability to call into the helplines six days a week and we actually help you do your deals. If you have questions, if you are going through the process, pick up the phone and call us. Toll free number, 12 hours a day, Monday through Friday and what is that, six hours on Sunday now as well. (Ex. H40 (Foster presentation, Dec. 3, 2007) at 16.)

71. These claims were also false. Trump University did not have a “hotline” for students with substantive questions about real estate (*see, e.g.*, Ex. X (e-mail from April Neumann, Mar. 5, 2010: “We don’t have a hotline that students can call in and get their questions answered.”)), and yet, as late as March 2010, Trump University instructors were still touting such a hotline (*id.*; *see also, e.g.*, Brozowski Compl. (Ex. L9); *infra* ¶ 84). Additionally, instructors generally did not make themselves available to anyone who did not sign up for the Trump Elite programs — and often, not even then. (*See infra* ¶ 90.) Instead, students attending the three-day seminar discovered that if they declined to purchase the more expensive Trump Elite programs, they were ignored by Trump University staff for the rest of the seminar and even told they could go as early as the end of the second day. (*See, e.g.*, Affs. of Sheehan (Ex. K24) ¶ 7 (“[A]fter I said I was not interested [in signing up for the Elite programs], they ignored me for

the rest of the weekend.”); Hanna (Ex. K13) ¶ 12 (at 10 a.m. on the third day, “the people who did not sign up for the mentorship programs were told they could leave right then”); Ferrara (Ex. K8) ¶¶ 6-7 (“I left after the second day . . . After I told my assigned mentor that I was not interested in paying \$35,000 for the Trump Gold Elite program he said that there was nothing else to talk about then, and so I left.”)

72. Improvement of Credit Scores – Trump University further claimed that the three-day seminar would help students improve their credit scores and terms.

- “At the three-day training, we are going to focus on helping you guys raise your fico scores [sic], reducing fees on credit cards and get really low interest rates on credit cards as well.” (Ex. H16 (Rich presentation, Mar. 3, 2009) at 21.)
- “You have got Tr[ans]Union, Equifax and Experian and guys, they all rate you differently. So we are going to clean this up. . . . Now your FICO score goes from 300 to 850, write that down. I am going to show you how to get it over 800 this year.” (Ex. H33 (Harris presentation, July 23, 2008) at 37.)
- “Number one, we have got to help you buyers . . . we got to help you clean up your credit. Three strategies we are going to show you in class how to increase your FICO score.” (Ex. H30 (Leitzell presentation, Apr. 8, 2009) at 20-21.)

Subsequently, at the three-day seminars, instructors encouraged students to contact their banks to request increases of the borrowing limits on their credit cards. (*See infra* ¶¶ 94-96.)

73. In fact, Trump University students discovered that requesting increases in borrowing limits typically lowers a consumer’s FICO score rather than increasing it.

- “During the seminar, we were asked to increase our credit card limits and to apply for more credit cards so that we could have easier access to funds to do our real estate deals. I called to increase my limit on my American Express card and to apply for another card. I very much regret doing this, because after I made the call, my credit score, which was 802, fell into the 700’s and has not been back up since.” (Tekinay Aff. (Ex. K25) ¶ 6.)
- “During the presentation, Mr. Harris encouraged the participants to increase their credit card limits while on lunch break. He said that one cannot have enough credit if one wants to purchase real estate, so everyone should ask for more no matter what they had already. I called each of my credit card companies to request

a higher credit limit, which resulted in many inquiries on my credit cards. These inquiries were brought to the attention of the credit card companies and instead of increasing my credit card limits, the companies cut them substantially. I was infuriated with Trump for giving us such bad advice.” (Ward Aff. (Ex. K28) ¶¶ 6-7.)

74. Instead, as discussed further below (*see infra* ¶¶ 94-96), the actual reason Trump University asked its seminar students to request higher credit limits was so that the student could afford to pay for the more expensive Trump Elite programs.

### **Trump University’s Three-Day Seminar: a Sales Pitch for Their “Elite” Programs**

75. When students enrolled in Trump University’s three-day seminar, they learned that rather than a comprehensive program that would teach them everything they needed to know about investing in real estate (as they had been promised at the free seminars), the three-day seminar included an extended sales pitch for the Trump Elite mentorship programs.

### ***The Trump University Playbook***

76. This bait and switch was laid out in the Trump University Playbook (“Playbook”), which provided step-by-step directions to Trump University instructors on what to tell students during the three-day seminars. Speakers were instructed not to “answer questions all weekend, give them just enough information to want more.” (*See* Ex. V (Playbook) at 126.) Instead they were instructed to tell three-day seminar students: “We need longer than three days!” (*Id.*) Speakers were also told not to “let [the students] think three days will be enough to make them successful.” (*Id.*) It further noted that “[i]f all Trump U team members are following these procedures it will greatly improve our chances to sell elite packages. Even one coordinator giving them the impression three days is enough that can hurt sales.” (*Id.* at 126-27.)

77. To that end, the Playbook contained a scripted answer that Trump University instructors were to give in response to a student’s objection that “I Have Enough Information To

Do This On My Own” — while also falsely claiming that students would learn Donald Trump’s own investment techniques and strategies and that the mentors were “millionaire[s].”

\_\_\_\_\_ (insert student’s name), maybe you can go out there and do a deal by yourself. It might take you five or six months, you might lose money or make a little. **But what we’re offering is a proven system from Mr. Trump to help you close multiple deals every month, with a millionaire mentor by your side making sure you don’t make any mistakes, and creating the most amount of profit per deal.** Let me ask you a question; are you capable of making one or two mistakes on your own? (Smile on your face). Do you think one or two mistakes in real-estate could cost you 30k or 40k? I’ve even heard of one mistake from ‘wanna-be’ investors loosing [sic] 100k! By the way, those same investors had a lot more knowledge and experience than you do, but they had the same exact mindset which set them up for failure. But they finally learned that they don’t know what they don’t know and got our help before completely wiping out! Avoid that and learn how to do this business from the very beginning of your career. Remember that one mistake can break your account or worse. Let’s get you a Mentor and get you to a whole new level of thinking and investing.

(Playbook (Ex. V) at 133 (emphasis added).)

78. The Playbook makes clear that the purpose of the three-day seminars was to upsell the expensive Elite programs. Accordingly, Trump University representatives were instructed to identify “buyers” by reviewing profile sheets filled out by the students listing their liquid assets to determine who could pay for the costly programs. (Playbook (Ex. V) at 128). Trump University instructors and staff were given detailed guidance as to how to build rapport and approach students one-on-one to encourage further purchases. (*See id.* at 122, 125-28.) Trump University representatives were explicitly instructed to push the highest priced Elite programs. (*See id.* at 129 (“When you introduce the price, don’t make it sound like you think it’s a lot of money, if you don’t make a big deal out of it they won’t. If they can afford the gold elite don’t allow them to think about anything besides the gold elite.”).) Even when students hesitated to purchase the expensive programs, Trump representatives were provided stock responses to encourage purchases. For example, if a student stated that he did not want to go into debt, Trump representatives were instructed to say in part: “Every single company goes into debt when

they are first starting out, EVERY SINGLE BUSINESS! The profits pay off the debt and before you know it, your new real estate business will start making amazing returns.” (*Id.* at 134 (emphasis in original).)

79. Moreover, Trump University’s speakers, mentors, and sales representatives had a strong incentive to sell as many of the Trump Elite packages as they could, as nearly all of them were independent contractors who were compensated solely on the basis of worked predominantly on commissions based on the sales generated at their seminars. (*See, e.g.* Ex. Y1.)

#### ***Trump University’s Instructors Using the Playbook***

80. As for how the Playbook was used in practice, the transcript of one of the three-day seminars led by Trump University instructor James Harris provides an illustration. Harris was one of Trump University’s most frequent instructors, leading more than 54 three-day seminars and at least 25 free seminars, including several seminars in New York.<sup>9</sup> On the second day of one three-day seminar, Harris told his audience: “Now this three day training here is just to get you up to speed. It is just the beginning.” (Ex. H1 (Harris presentation, Mar. 13-15, 2009) at 2.) He then spent much of the next hour pitching the audience on the component pieces of the Trump Gold Elite package. (*See id.* at 4-23.)

81. Contrary to what they had been promised at the free seminars, students were informed by Harris that they were **not** going to learn everything they needed to know to start investing but in fact had to purchase additional programs to get the help they would supposedly need to succeed — and that they would fail if they did not continue at Trump University:

- **“Don’t you[] dare think you are going to be able to go out there and answer all the questions on your own. You are going to need a help in the beginning**

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<sup>9</sup> The complete numbers are likely higher. Petitioner obtained 154 transcripts of free or three-day seminars, but this corresponds to a fraction of the total number of such seminars held by Trump University.

[sic].” (Ex. H1 (Harris presentation, Mar. 13-15, 2009) at 18 (emphasis added); *see also id.* at 24, 28 (“[I]t is going to be very hard for you.”))

- We look at the properties, we run the evaluations, we run the numbers, we make the offers and we buy the right ones . . . . We are going to find the best one right now to get it done as quickly as possible with the highest amount of profit and the least amount of headaches. Does that make sense? . . . **Because you are not going to learn how to do that. You will need help.** Would you agree? . . . You will need some help? Let us do that. (*Id.* at 14 (emphasis added).)

82. Trump University’s other instructors routinely made similar representations to students at the three-day seminars:

- “I cannot teach you everything in three days. I could not teach everything to you in three weeks.” (Ex. H44 (Martin presentation, Mar. 6, 2009) at 2.)
- “[F]olks please understand that this three-day retreat that you are attending right now, this is just the beginning of your education. It is not the end, I cannot teach you [what] I know in three days, I can teach you about 5% of what I know, that is about it, okay?” (Ex. H43 (S. Goff presentation, Feb. 13, 2009) at 12.)

83. Many students were upset by such 180-degree turns in Trump University’s message, believing they had paid \$1495 each for a comprehensive three-day training program but then concluding that they had paid to attend a “sales pitch.”

- “The impression I was given was that, without the assistance of a mentor, I would be unable to invest independently. It was not a course designed to prepare a student without any real estate experience to get started in real estate investment.... The entire three-day seminar felt like a sales pitch to pressure students into signing up for the Trump mentorship packages, which ranged anywhere from \$10,000 to \$35,000.” (Cohen Aff. (Ex. K5) ¶ 7; *see also id.* ¶ 10.)
- “On the last day [of the three-day seminar] the instructors strongly advised us to enroll in a more advanced Trump Gold mentorship program. They said that it would be the only way to succeed in real estate investment. Mentees were promised the assistance of an expert’s private in-field sessions to guide them through every step of a deal. . . . Some of these services were part of what I thought I was paying for at the three-day seminar, so to learn that I would need to pay more money to receive what I had already been promised infuriated me.” (Harris Aff. (Ex. K14) ¶ 9.)
- “During the three-day seminar, there was very strong pressure to sign up for one of Trump’s mentorship programs.... During the third and final day of the seminar,

the speakers said that without taking the mentorship program, it was very unlikely that we would be successful in executing the strategies taught in the three-day course. . . . I was extremely disappointed that they did not disclose this information about the mentorship program upfront, during the first or second day of the seminar when you could cancel and get your money back. This was a big turn off.” (Jones Aff. (Ex. K15) ¶¶ 8-9.)

(See also Affs. of Brown (Ex. K4) ¶ 7; Garner (Ex. K10) ¶ 10; Rodriguez (Ex. K21) ¶ 6; Hanna (Ex. K13) ¶ 11; Tekinay (Ex. K25) ¶¶ 7-8; Falkowski (Ex. K7) ¶ 10; Lando (Ex. K16) ¶¶ 5, 7; Ferrara (Ex. K8) ¶ 7; Fisher (Ex. K9) ¶ 6; Brozowski Compl. (Ex. L9).)

84. Ultimately, students were disappointed and dissatisfied by Trump University’s failure to provide the content that had been promised to them as part of the three-day seminar:

- “[T]he speakers at the initial free session said that we would learn everything we needed to get started in real estate investment at the three-day seminar, when in fact, we would not.” (Cohen Aff. (Ex. K5) ¶ 9.)
- “I thought we were going to learn everything we needed to know about buying and selling real estate at the three-day seminar. However, the information Trump provided was very vague and did not prepare me to invest in real estate on my own.” (Meese Aff. (Ex. K17) ¶ 7.)
- “At [the] free workshop, I was told that if I signed up for Trump’s three-day seminar ‘Profit From Real Estate Investing,’ I would learn everything I needed to know about investing in real estate while spending nothing or next to nothing out of pocket.” (Appel Aff. (Ex. K2) ¶ 5.) “I did not think that the three-day seminar provided adequate training for me to do deals independently, and I did not feel that I learned much. I did not have the tools or the know-how to invest.” (*Id.* ¶ 13.)
- “We were told that after the three-day seminar we would be ready to do real estate deals on our own.” (Basile Aff. (Ex. K3) ¶ 5.) “[B]ut the program did not teach me anything of value.” (*Id.* ¶ 16.)
- “The speakers promised that if I signed up for the Trump three-day seminar I would receive guidance every step of the way from my instructors in carrying out my first sale.” (Sheehan Aff. (Ex. K24) ¶ 4.) “The only help I received was assistance in making a phone call to a seller, which I could have made myself.” (*Id.* ¶ 7.)
- “I called the hotline which was supposed to be available to us for questions. The first time it was, the second time I was told that I needed a coach (\$3K) and the

person to whom I was speaking could not be answering my questions so often as he had 60 paying coaching customers to call that day and it wouldn't be fair to them.” (Brozowski Compl. (Ex. L9).)

### **Failure to Provide the Promised “Trump Elite” Mentorships**

85. Once students had been baited into purchasing and attending the three-day seminar, Trump University made another series of misrepresentations to convince those students to purchase one of the Trump Elite packages, costing \$10,000 to \$35,000. Trump University instructors touted the mentorship program as providing comprehensive one-on-one training during which students would have personal assistance every step of the way until they executed their first real estate investment deals — with an initial three days of in-field mentoring, 90 to 120 days of intensive follow-up, and a full year of mentorship — an enticing but empty promise that cost students tens of thousands of dollars but typically gave them little in return.

86. For example, James Harris told students at a three-day seminar that the Elite programs featured “a mentor who will actually come out and will do real estate with you. He will hold your hand and will walk you right through everything. The analysis, the properties. . . .” (Ex. H1 (Harris presentation, Mar. 13-15, 2009) at 2-3.) Harris promised that he and other members of the Trump University “family” would be personally available to help guide everyone who signed up for the Trump Elite mentorship programs, including help with “negotiat[ing] price and terms on anything [you] find,” for two to three years or longer, and that he would be their “mentor for life” and personally return communications from students via telephone or e-mail within twenty-four hours. (*Id.* at 20-21; *see also, e.g., id.* at 22-26; Ex. H31 (S. Goff presentation, Mar. 20-22, 2009) at 16-17 (telling students he would be personally available if they needed help).)



87. Harris further represented that after the initial three days of in-field training, mentors would provide them with three months of intensive follow-up guidance:

Now, after the three-day mentorship . . . There is a 90 day follow up period. . . . to make sure you are doing what you need to do. Hitting your goals, rehabbing the property, getting it sold, making sure we have buyers, putting it in the lease option buyer, if you are going to be buying it and holding it, that is up to you. But **we will hold your hand**, so there is three months of follow up to make sure your deals are getting done the right way. Now, **after the 90 days we do not go away, we are looking [to] build life long relationships.**

(Ex. H1 (Harris presentation, Mar. 13-15, 2009) at 15 (emphasis added); *see also, e.g.*, Ex. H45 (Martin presentation, Apr. 17-19, 2009) at 10 (“[Y]ou are in school for the next ten months . . .”); Ex. H46 (Harris presentation, Apr. 3-5, 2009) at 12-13; Ex. H47 (Harris presentation, Oct. 10-12, 2008) at 18.)

88. Students were told that mentors would effectively “do a deal” for anyone who purchased an Elite package and would review prospective real estate transactions with students.

- “What they do is this, they will schedule dates with you... They will come in to your area, get a hotel, get a rental car whatever for three days we are buying real estate. . . . And then for three days we buy some stuff, period. We buy real estate. . . . We look at the properties, we run the evaluations, we run the numbers, we make the offers and we buy the right ones. . . .” (Ex. H1 (Harris presentation, Mar. 13-15, 2009) at 13-14.)
- “I am telling you if you are motivated and aggressive, and assertive, and you want to keep this momentum going, you do it — the next 120 days, you get to all these [advanced seminars], let us buy some real estate. Let us get this thing going. . . . So when I say I am ready to go, I am ready, let us take a look at it. What do you have? Let us go over it, ready to go.” (*Id.* at 22.)
- “[O]ver the next four months have [mentor] Steven Gilpin come out do your mentorship let us buy some properties. Let us do a deal. Let us do something you can do one, you can do two, you can do as many as you want, the problem will not be James where is the properties, the problem is which ones do I do now.” (*Id.* at 24.)
- “[W]hen you hire a mentor, they’re going to come out and help you complete the deal. . . . We don’t need to get you through one deal, we’re going to get you through a couple of deals, but instead of you going out there and sitting down and

trying to make a deal happen, hey, you've got the expert making the deal happen, so they've got a researcher area, this is our entire process, they're going to walk the property, do all the d[ue] diligence, they're going to run the numbers and the financials . . . This is hands-on, step by step!" (Ex. H48 (Martin presentation, Feb. 27, 2009) at 3.)

- "I am not leaving until you signed the offer [sic] and give you a kick in the pants I am not leaving. You are going to do it. It is our jobs to push you pas[t] where you are, okay." (Ex. H49 (Miller presentation, Aug. 14, 2008) at 48.)

89. Students ultimately relied on these representations to buy the Trump Elite

packages:

- "I did not sign the agreement to enroll in the Trump Elite program until Mr. Goff told the class he was going to work with me personally. Mr. Goff also promised to send me a work plan that he designed, supposedly worth \$5,000, for free, but when I received it, it turned out to be the same kind of material we were taught in the three-day seminar. **Because Mr. Goff promised to personally work with me, I bought the Trump Gold Elite package for \$25,000....** Mr. Goff called me in a few days, when it was already too late to cancel the mentorship program, and told me that instead of coming to work with me personally, he was sending another mentor, Medith Webb." (Meese Aff. (Ex. K17) ¶¶ 11-14 (emphasis added).)
- "During his push to sign us up for the Trump Gold Elite program, Mr. Harris gave us his email and contact information and told us that once we enrolled in the program as Gold Elite Members, he and the rest of the Trump staff would be available to us whenever we needed them for a period of 12 months." (Guillo Aff. (Ex. K11) ¶ 10.)
- "They promised that the mentor would meet with me one-on-one and be at my beck and call and even do one or two deals with me." (Hanna Aff. (Ex. K13) ¶ 10.)
- "After the [three-day seminar] presentations, we were assigned to individual mentors to consult privately about the Trump mentorship packages. I explained to my mentor the problem I had with my investment properties, and I emphasized how much of a financial burden the buildings had become. My mentor asked that I explain this to Mr. Martin, who promised that I would be assigned to work with one of the best coaches Trump had, Steve Gilpin. I was assured that Mr. Gilpin had experience in handling issues such as my own, and that my worries would be over soon. Relieved, I signed up for the Trump Gold Elite mentorship, paying \$24,995 in full by check with the last funds in my savings account." (Cunningham Aff. (Ex. K6) ¶ 6.)

90. In fact, students who enrolled in the Elite programs typically did not receive the individual attention promised. After the initial in-field component of the Trump Elite program, which lasted three days, many mentors simply disappeared — failing even to return telephone calls and e-mails from students with questions about prospective real estate deals. Some students discovered that they could not reach their mentors, receiving only a few short phone calls and little to no follow-up assistance. What advice the mentors did dispense was often unhelpful and unprofessional.

- “My assigned mentor for the Trump Elite program was Stephen Gilpin. I was supposed to have a three-day one-on-one mentoring session with him but that never took place. Initially there was a scheduling conflict, and then Mr. Gilpin never followed up with me. I realized that these people were not really dedicated to me, and that I was not a priority for them. . . . I had a few calls with Mr. Gilpin, which were not helpful, and I did not feel that I knew enough about real estate to do any deals on my own.” (Pierre Aff. (Ex. K20) ¶¶ 13-14.)
- “I never actually met Mr. Gilpin. My entire ‘mentorship’ with Mr. Gilpin consisted of three telephone conversations. . . . I felt that Mr. Gilpin was unprofessional, unhelpful, and did not have the level of knowledge in the matter that I had expected given what Trump had said about him.” (Cunningham Aff. (Ex. K6) ¶ 8.)
- “When I called Trump with questions, the Trump mentors, Stephen Gilpin, Mike Dubin and Kevin Derrick, were not thorough much of the time with their answers. I felt rushed during the calls and felt that there was a limit on how much of the mentors’ time I could take up during each call.” (Paredes Aff. (Ex. K19) ¶ 12.)
- “We were promised that if we enrolled in Trump Gold Elite, we would have unlimited access to our mentors for six months. (Trevino Aff. (Ex. K26) ¶ 21.) “After Mr. Fletcher left [after the initial three-day in-field session], he was very hard to reach. **He did not respond to my calls or emails, and I spoke to him a total of two times in six months.**” (*Id.* ¶ 16 (emphasis added).)
- “**I was promised a lifetime membership with Trump**, unlimited phone calls to Mr. Goff, to my mentor and others at Trump, including Tiffany Brinkman and Jason Schauer, access to website seminars, webinars, real estate leads, and legal forms for life. . . . [N]othing is available any longer. Trump speakers and mentors all gave me their phone numbers, but none of them work at Trump any more, and I have not been able to get in touch with anyone after I signed up for the Trump Gold Elite program.” (Meese Aff. (Ex. K17) ¶ 19 (emphasis added).)

- “The first property of interest [I] emailed them and did not hear back from my mentor for ten days. While waiting I also called my mentor and emailed the gentleman that signed me up for the program with my concerns. During the ten days the property was no longer available.” (Krauss Compl. (Ex. L22).)

(See also Affs. of Ward (Ex. K28) ¶ 16; Anderson (Ex. K1) ¶ 13; Tufenkian (Ex. K27) at 4-5, 10-11; Compls. of Andreev (Ex. L1); Merriam (Ex. L26); Thompson (Ex. L41); Krauss (Ex. L22); Marmontel (Ex. L24).)

***Failure to Provide Promised Access to “Private” or “Hard Money” Lenders and Financing***

91. Trump University also induced students to purchase the Trump Elite programs by again dangling the possibility that they would provide special instruction and access with regard to “private” or “hard money” lenders, with instructors often promising that they themselves were hard money lenders or personally had expertise with or access to such sources of financing:

- “I also have access to 44 of the top private money investment groups in the country. So, there you go, so a lot of this stuff that you have to go out and do on your own will be alleviated, because do you realize how long it would take you to build trust and faith with hard money or private money, it gets that stuff going, months. You are going to need a little help.” (Ex. H1 (Harris presentation, Mar. 13-15, 2009) at 22; see also *id.* at 16.)
- “The next retreat we have is a premium real estate financing retreat. This is going to teach you how Mr. Trump and his team is going out there and raise millions and millions and millions of dollars. We kind of touch on this morning how to raise private money, with this retreat that is all they talk[] about — that is how to get the money. . . . [Y]ou are going to learn more about these hard money connections.” (Ex. H50 (S. Goff presentation, Feb. 20, 2009) at 15.)
- “And then creative financing, this is the one I teach, folks. . . . The first day — the first half of the first day, we’re packaging you; putting together a long request package, getting your financial statements put together, showing you financing tips, giving your hard money contacts in place . . .” (Ex. H51 (Martin presentation, May 15, 2009) at 7-8.)
- “Financing techniques, shows the students how to get different types of financing, banks, hard money lenders, these private investors, like I told you . . . and you’re going to setup on appointment with people that have money and let Chris and Tad

talk to them and I will talk to them on the phone too.” (Ex. H52 (S. Goff presentation, Apr. 24, 2009) at 23.)

- “Now, this ladies and gentlemen, finding money for your deals and I am going to my home on this one. This is the only time I will tutor. I am a master at finding money. In fact, I am at the position now, and I hope you truly get this position, where you make enough money and you can start becoming a lender to other investors. I am a hard money lender. I lend to people in my area only, but I know how money — I know how to find money. I know how you can find money, unlimited money.” (Ex. H2 (Fletcher presentation, Feb. 27, 2009) at 7-8.)

(See also, e.g., Ex. H53 (Martin presentation, Feb. 6, 2009) at 5-6; (Ex. H41 (S. Goff presentation, May 15, 2009) at 9).)

92. Students relied on these representations in purchasing the Trump Elite programs:

- “Trump [University] had contacts with these hard money lenders, and we would get access to them if we signed up for Trump Elite programs. . . . I paid \$10,000 for Trump Bronze Elite membership because I was promised access to advisors and lenders who would help me with deals.” (Tekinay Aff. (Ex. K25) ¶¶ 7-8).
- “The speakers talked about hard money lenders and said that, if we signed up for one of the Trump Elite programs, Trump had lists of people who would invest money with us if we brought them deals.” (Basile Aff. (Ex. K3) ¶ 10.)
- “Mr. Harris told us that if we signed up for one of the Elite programs, we would . . . have special access to hard-money lenders, and do a deal all within the first week. I thought that if they were going to hold my hand that much, how could I say no?” (Scott Aff. (Ex. K22) ¶ 13).

93. However, despite students’ requests and diligent work at attempting to invest in real estate, the promised access to lenders and financing typically never materialized.

- “My mentor was Keith Minchew. . . . The mentorship was where things got off track for me. It was clearly not what they had advertised. Every time I asked Minchew or other people at Trump about the hard-money lenders, they said they would talk to me about it more once I had a real estate deal. Of course, no one would do a deal unless there was financing in place.” (*Id.* ¶¶ 14-15).
- “I actively looked for real estate, analyzed properties, made offers but was not taken seriously because I was unable to get financing to do a cash deal. I found that hard money lenders were not as willing to lend to us as Trump made it sound.” (Trevino Aff. (Ex. K26) ¶ 21.)

### ***Representations Urging Students to Increase their Credit Limits***

94. As noted above (*see supra* ¶¶ 72-74), at the three-day seminars, Trump University speakers urged students to call their credit card companies during breaks in the sessions to request increases to their credit limits. The speakers often claimed that the reason for this request was to obtain additional capital for real estate transactions and property improvements for “flipping” houses and apartments, but in reality the purpose was so that students could use the additional credit to purchase the expensive Trump Elite programs.

- “During the first day of the three-day program, Trump conducted an exercise to get us to be bold and to do something we were not comfortable with. We were asked to call our credit card companies to increase the credit limit on our cards. I increased my credit card limit at Trump’s insistence. Later, on the third day of the seminar, Trump said that we could use the newly increased credit card limits to pay for Trump Elite investment programs.” (Paredes Aff. (Ex. K19) ¶ 9.)
- “Mr. Harris told us to call our credit card companies and request an increase of our credit card limits. He said that this would provide us with more money for investing. A number of people made calls to their credit card companies. I was turned down for an increase in my spending limit. When people said that they did not have enough money to pay for the Trump Elite programs, Mr. Harris suggested using the newly increased credit card limit to pay for it, or to use multiple credit cards.” (Brown Aff. (Ex. K4) ¶¶ 9-10.)
- “During the three-day session, Mr. Harris asked us to increase our credit card limits so we could put down payments for our real estate purchases on our credit cards. I increased my credit card limits, and that is how I eventually paid for the Trump Elite program.” (Scott Aff. (Ex. K22) ¶ 9.)

(*See also* Affs. of Harris (Ex. K14) ¶ 8; Falkowski (Ex. K7) ¶ 7; Lando (Ex. K16) ¶ 5; Fisher (Ex. K9) ¶ 6; Compl. of Arroyave (Ex. L3); Crail (Ex. L13).)

95. As previously noted (*see supra* ¶¶ 72-74), Trump University’s misrepresentations regarding credit limits also had the effect of damaging students’ credit scores, directly contrary to claims made at the free seminars that Trump University would help improve students’ credit scores. (*See* Ward Aff. (Ex. K28) ¶¶ 6-7; Tekinay Aff. (Ex. K25) ¶ 6; *see also* Crail Compl. (Ex.

L13 (“Trump University encouraged me to max out my credit cards to pay for a Gold Elite membership which cost \$35,000. . . . My credit rating plunged from 719 to 633.”)

96. Trump University even provided handouts with scripted talking points for students to use in their phone calls with credit card companies, explicitly encouraging people to falsify their current income, “add[ing] projected income from our future real estate venture[s],” and to deceive credit card companies by declaring income streams from corporate entities that had not been created, with the script telling students: “If they ask you to prove income, inform them that it will be too much trouble to put all the paperwork together.” (Pierre Aff. (Ex. K20) ¶¶ 8, 11; *id.* at App. A (“Surefire Script to More Purchasing Power!”).)

#### ***False Promises Regarding Students’ Likelihood of Success from the Trump Elite Programs***

97. Trump University repeatedly assured students that they would quickly recoup their “investments” in the Trump Elite programs, needing only to expend the effort and time necessary to do the work their mentors prescribed:

- **“I can guaranty this [sic].** [These] people on my team, it has to be myself, Ted or Chris. **We will work with you until you get your money back,** as long as you are following our system. And our system is finding the deals and makes offers. So I have made that promise in the past if you pick – it has got to be somebody on my team because I am going out of my way here folks. I am not supposed to come and mentor people, period. You can ask anybody in the back. The company is already going to get mad. But, I lived here in Virginia, courses from Virginia, **I can promise that if I am your mentor or my brother Chris or Ted is your mentor, we will work with you until you get your money back.** And that is going to be our number one goal, it is to get that investment back so then we can move forward.” (Ex. H54 (S. Goff presentation, Aug. 1, 2008) at 66-67 (emphasis added).)
- After telling students about the “Trump challenge” of a \$75,000 profit on a first deal, James Harris told them: “Let me explain this, so on your first deal if we hit our goal and there are no questions about it, you will if you do your what? . . . Homework. Because this right here this is a really good number and we can do this on bank owns, all the time, we can do them on all these other properties.” (Ex. H1 (Harris presentation, Mar. 13-15, 2009) at 16.) Harris later told students: **“You are going to make a small little fortune on each your property, okay.**

So we will do that as well. Now the Trump challenge is to buy[,] fix[] and flip[ a] property and make how much[?] 75 [thousand]. [S]o you will see how open I am. Look at that Gold Package, there is your investment we do that first deal by fix and flip in the next 120 days or less and it can be done at any time. You got to do your homework. **You have your investment back [and] you made a 100% return on your money.**” (*Id.* at 25 (emphasis added).)

- Gerald Martin promised students his personal attention until they completed their first deals: “When you contact me, you say, hey, I got a deal, it is in this location, this is what it looks like and here is the numbers. I get right back with you, if do not get within 10 minutes, it is because I am on an airplane but **I will get back on you within 24 hours.** It is not even a requirement that I do this. That is how much I believe in this, I want everybody to win. **You are going to our coaches, you are going to get our mentors, you are going to get all the training and you are going to get everything you need. But until you are in the system, I want to be with you, I want to help you guys finish your deals.** I want you to go to training and say Gerald trained me and I have already done a deal. And that it is, that is all we have offer, gold, silver and bronze. And so then, you will be a success story, you will be saying, I was scared to death but I did the deal and made \$35,000.” (Ex. H55 (Martin presentation, July 11, 2008) at 12.)
- After quoting the price of the Trump Gold Elite package, Gerald Martin told another audience: “Folks, one deal! That’s it! You do one deal, you pay for your training. . . .” (Ex. H51 (Martin presentation, May 15-17, 2009) at 10.)

98. Students relied on these and other similar misrepresentations when signing up for the Trump Elite programs, believing that they would recoup the costs of the programs in a matter of months. Students also relied on the promises of Trump University speakers and mentors that they would personally work with students until they recouped their “investments” in the Trump Elite programs, whereas in many instances the students would never see or hear from those particular speakers or mentors ever again.

- “I told Mr. Goff that I could not fly to the Trump Elite seminars because I have a son with Down’s syndrome and a protein deficiency who needs to be close to the hospital in case he needs to receive his medical treatments. Mr. Goff said that I had to sign up for Trump Gold Elite for \$25,000 to help my family. He said he had a son, so he knew how family meant everything to me. He said that I had to find resources to invest in my future, **promised to personally work with me, and guaranteed that I would make my \$25,000 back within sixty days. . . . Because Mr. Goff promised to personally work with me, I bought the Trump**



**Gold Elite package for \$25,000.”** (Meese Aff. (Ex. K17) ¶¶ 9, 13 (emphasis added).)

- **“In a conversation we had with Steve Goff, he said that if we participated in the \$34,995 mentorship program, he would work with us until we got our initial investment back.** He described many scenarios of how we could make \$10,000 or \$20,000 on a deal, stating that \$35,000 would be a drop in the bucket compared to how much we could make from real estate investments using the Trump methods. . . . He said that even if we didn’t make our initial investment back by the end of the year of the Trump Gold Elite program, he would continue to work with us until we got it back and this is the only reason that we signed up for the Trump Gold Elite Program, at \$34,995” (Appel Aff. (Ex. K2) ¶¶ 11-13 (emphasis added).)
- **“The speakers said that we would be able to make that money back within three to six months from all the real estate deals we were going to do.”** (Jones Aff. (Ex. K15) ¶ 8 (emphasis added).)
- “Mr. Harris said that we would be able to make back the tuition for the Trump Elite programs quickly and used a baseball analogy to demonstrate our future profits: a single would bring in \$25,000 profit, double would be \$50,000, a triple would be \$75,000, a home run would be \$100,000, and a grand slam would be whatever goal you set for yourself. . . . Mr. Harris told us that if we signed up for one of the Elite programs, we would work one-on-one with a mentor, look at properties, make offers, have special access to hard-money lenders, and do a deal all within the first week. I thought that if they were going to hold my hand that much, how could I say no?” (Scott Aff. (Ex. K22) ¶¶ 12-13.) “I called up Trump in May 2009, to say that I saw **no results** after participating in Trump Elite Program and I requested a refund.” (*Id.* ¶ 21 (emphasis added).)
- “I was told that I would receive a lot of one-on-one hand-holding if I joined the \$35,000 elite program. One of the speakers said that we, especially those who live in New York City, would recoup our \$35,000 with the first deal we completed. They promised that we would start buying and selling properties right away and talked about how easy it was to flip properties and make money quickly.” (Pierre Aff. (Ex. K20) ¶ 9.)
- “Trump staff said that I would make the Trump Gold Elite tuition back within a month or two after doing just a few deals.” (Hanna Aff. (Ex. K13) ¶ 12.)
- “They promised that paying the exorbitant mentorship tuition would be worth it because you would make the tuition back, plus a profit, quickly and easily.” (Ferrara Aff. (Ex. K8) ¶ 7.)

- “These mentors were extremely confident, and when I asked Mr. Gilpin what percentage of people that he undertook were successful, he answered that 92 (or 93) percent of people he mentored were successful.” (Ward Aff. (Ex. K28) ¶ 8.)

(See also Anderson Aff. (Ex. K1) ¶ 6; Tufenkian Aff. (Ex. K27) at 11; Tekinay Aff. (Ex. K25) ¶ 8; Lando Aff. (Ex. K16) ¶ 8 (“The mentor encouraged me to sign up for a Trump Elite mentorship program, but I declined. He assured me that I should not worry about the tuition costs because I would certainly make it back with the proceeds from my first deal.”); Andreev Compl. (Ex. L1) (purchased \$16,000 program after being promised \$150,000 to \$200,000 in earnings in first three to six months).)

99. Trump University was aware of students’ difficulties in obtaining the services promised as part of the Trump Elite mentorships, but failed to fix the known problems with the mentorships. As early as January 2009, Michael Sexton wrote other senior managers at Trump University in response to a student complaint that it was “very difficult to get a hold of” mentor Jim Fletcher. Sexton wrote that such complaints “represent[ed] a major known problem” with Trump University’s business. He continued:

We assume that the mentor will be responsive after the conclusion of the mentorship but we don’t monitor this relationship other than a cursory post-mentorship call . . . Even worse, we’ve spoken about regular, periodic calls to our mentorship students (our largest source of revenue by far) but this process has never been executed properly or given the attention it deserves.

(Ex. Z at 2 (email from Michael Sexton, Jan. 19, 2009).) Yet Trump University allowed these problems to persist for another year and a half. Finally in June 2010, Sexton and two other Trump University managers wrote a memorandum on the Gold Elite program to Trump Organization Chief Financial Officer Allen Weisselberg stating that “the company bears significant operational risk in fulfilling this program” because “[t]he timetable for fulfillment is too long,” “[t]he cost of fulfilling a Gold Elite program is too high,” “[t]here is too much

operational complexity in the fulfillment of the Gold Elite program,” it was “very difficult to control and monitor the overall quality of the student experience,” and “[e]xpectations [were] not always realistically set or consistently met because of the variability of the fulfillment.” The ultimate recommendation of the memorandum was to end the Gold Elite program altogether and to focus instead on products that Trump University could deliver with more consistent quality. (Ex. AA (June 8, 2010 memorandum from Sexton to Weisselberg)). In July 2010, The Trump Organization decided to end Trump University’s operations altogether. (*See* Sexton Tr. (Ex. B) at 191-93.)

100. After completion of the three-day seminar, or the initial in-field component of a mentorship, lasting three days, the speaker or mentor often asked each student to complete an evaluation of the seminar or mentorship. At those early stages, some students provided positive evaluations — before ultimately discovering that the representations and promises made by Trump University would not materialize.

- “I gave a very positive evaluation, though my impression of Trump was later proven wrong. In the seminar environment, with speakers telling you that you’re going to make millions and how easy it is, it was easy to get excited and to think that the Trump speakers and program were excellent. At that point, I thought that Trump would be there for me, that they would hold my hand, and they would make sure that I was successful.” (Hanna Aff. (Ex. K13) ¶ 13.)
- “I do not recall whether or not I filled out any evaluations. I remember leaving the three day program feeling excited about the opportunities the speakers described. If I had filled out the evaluation of that program on the third day, it probably would have been favorable. But if I were asked about the program two weeks later, after I attempted to look for real estate deals using the Trump methods, that evaluation would have been very negative.” (Paredes Aff. (Ex. K19) ¶ 13.)

Trump University instructors also asked that seminar students complete evaluations in order to receive their “Certificates of Completion” for the course and “pleaded for a favorable rating so

that ‘Mr. Trump would invite [them] back to do other retreats.’” (Guillo Aff. (Ex. K11) ¶ 21 (“I filled out favorable evaluations of the speakers because I believed that that was the only way to get my Certificates of Completion for the seminars I attended. The evaluations did not reflect my actual opinions on the courses.”).) In other cases mentors compelled students to complete the non-anonymous evaluations in their presence, filled out the forms themselves or pressured students into giving higher scores or completing the evaluations before they had an opportunity to see if Trump University’s promises would be fulfilled. (*See* Affs. of Scott (Ex. K22) ¶ 20 (mentor filled out form); Brown (Ex. K4) ¶ 16) (Trump University and mentor called repeatedly to ask student to provide a higher rating after initially giving more middling scores); *see also* Compls. of Tufenkian (Ex. L42) (mentor made student complete form in front of him and refused to leave student’s house until given a perfect score of all “5’s”); Chait (Ex. L11) (“[W]e were bombarded with emails and telephone calls from [Trump University] to complete a survey about the field mentorship. We wanted to wait until we had some results from the overall experience from the mentorship, but that was not what [Trump University] wanted and due to extreme pressure we obliged and completed the survey and sent it back.”).)

### **Trump University’s Failure to Vet the Instructors and Mentors They Touted as Successful Real Estate Investors**

101. In addition to misrepresenting the nature and quality of their mentorships, Trump University touted its instructors and mentors as successful real estate investors and experts despite receiving substantial evidence to the contrary, and took almost no substantive steps to verify the qualifications and credentials its instructors and mentors claimed to possess. In fact, as Michael Sexton conceded in his testimony, it was not until late 2009 — over two years after Trump University began expanding its live courses and mentorships — that they even attempted to gather any supporting documentation from its instructors and mentors to prove that they had

the claimed expertise. (*See* Sexton Tr. (Ex. B) at 249-50.) Trump University instead relied on cursory, self-reported statements such as resumes and short application forms, with its standard “Employment Questionnaire” covering only three pages, lacking any questions regarding the candidate’s purported background in real estate investing, and requiring no supporting documentation other than a resume. Even this minimal questionnaire was often left incomplete by candidates who failed to provide requested information regarding references, education, employment histories, licenses, and certifications. (*See, e.g.*, Exs. BB1-BB10, BB12-BB13 (applications from Trump University mentors).)

102. Even with this cursory review, Trump University became aware of evidence strongly at odds with candidates’ claims of qualifications and past success, and yet Trump University retained the candidates anyway. When candidates’ stated credentials were reviewed by HireRight — an outside firm that conducted basic background checks on prospective instructors and mentors — HireRight repeatedly found discrepancies or reported that they were “[u]nable to verify” candidates’ claimed qualifications. (*See, e.g.*, Exs. CC1-CC14 (HireRight reports).) Numerous candidates appear to have embellished their educational credentials, and in other instances HireRight was “[u]nable to verify” the proffered educational credential at all. (*See, e.g.*, Exs. CC2 (Chris Goff), CC3 (James Harris) CC4 (Roger LaFleur), CC5 (Tim Gorsline), CC8 (Gerald Martin), CC11 (Melvin Rich), CC12 (Medith Webb), CC15 (Mark Chapman).) For example, James Harris claimed in a curriculum vitae to have a bachelor’s degree (*see* Ex. BB11), then informed HireRight that his highest degree attained was a high school diploma, before HireRight ultimately reported that in fact Harris did not receive a high school diploma (*see* Ex. CC3). Also, many candidates who claimed to be employed or “self-employed” in real estate, finance, or sales were unable to provide any proof of income or proof

that they were “employed” at all — often causing HireRight to report a “[d]iscrepancy” or to declare they were “[u]nable to verify” the candidate’s claim of self-employment. (*See, e.g.*, Exs. CC1 (Mike Dubin), Ex. CC4 (Roger LaFleur), CC5 (Tim Gorsline), CC6 (Chris Lombardo), CC8 (Gerald Martin), CC12 (Medith Webb), CC13 (David Stamper), CC14 (Keith Sperry), CC16 (Scott Leitzell), CC17 (Kevin Shortle), CC18 (Mike Kasper).) In addition, many candidates’ “self-employed” status was related to motivational speaking or other work in the seminar industry, rather than real estate investing. (*See, e.g.*, Ex. CC4 (Roger LaFleur), Ex. CC7 (Kerry Lucas), CC11 (Melvin Rich), CC13 (David Stamper).) Yet HireRight was able to verify that a number of the candidates had worked for other seminar companies as motivational speakers or sales representatives. (*See, e.g.*, Exs. CC4 (Roger LaFleur), CC10 (Troy Peterson), CC15 (Mark Chapman), CC16 (Scott Leitzell), CC5 (Tim Gorsline), CC9 (Keith Minchew).) Other candidates came directly to Trump University from employment seemingly inconsistent with claims of being successful real estate investors. For example, Chris Lombardo was a sales manager for two different food distribution companies (*see* Ex. CC6); Chris Goff (brother of Trump University instructor Steve Goff) worked as a regional manager for sports bar chain Buffalo Wild Wings (*see* Ex. CC2); David Stamper worked as a salesman at Lowe’s (*see* Ex. CC13); and Stephen Gilpin’s employment and termination forms both note that he was a “graphic designer” (Ex. Y2 at 2, 3 (Gilpin employee documentation)), though he ultimately served as one of Trump University’s primary mentors in the New York City area.

103. Despite having been presented with a large volume of information that candidates’ claims were unverified or unsubstantiated, Trump University retained these individuals to serve as instructors at its seminars, or as mentors to Trump Elite students.

104. Trump University was also aware that one of its primary instructors, Steve Goff, and one of its mentors, Troy Peterson, had each filed for Chapter 7 bankruptcy protection shortly before coming to work at Trump University, belying claims that they were successful real estate investors. Both individuals had indeed been investing in real estate properties, but each found himself hundreds of thousands of dollars in debt and was forced to liquidate his assets. (*See* Ex. DD (Goff bankruptcy filings); Ex. EE (Peterson bankruptcy filings).) Trump University knew of these bankruptcies before retaining the two men. (*See* Ex. BB6 at 3 (Goff); Ex. BB8 at 3, 5 (Peterson).) Yet generally, all the “instructors and mentors” were repeatedly touted to students as Donald Trump’s “handpicked experts” (*see supra* ¶¶ 34-38) and as “millionaire mentors” (Playbook (Ex. V) at 133) who were “successful” and “the best of the best” (*see supra* ¶ 46).

#### **Failure to Make Refunds**

105. Trump University repeatedly failed to make refunds to students who did not receive the services promised or in accordance with the three-day cooling-off period required by the Federal Trade Commission (“FTC”), 16 C.F.R. § 429 (the “FTC Rule”).

106. The FTC Rule provides a three-day right of cancellation for consumers who are solicited to purchase goods or services at a place other than the seller’s place of business — for example, those made at hotels and other temporary locations, such as Trump University’s sales, which occurred predominantly at the seminar locations in hotel ballrooms and convention center meeting halls.

107. After students purchased the Trump Elite programs, Trump University representatives repeatedly refused to honor students’ timely requests to rescind — claiming, for example, that Trump University did not permit any refunds with regard to the mentorship programs, or that the rescission period was only 24 hours.

- “A few days after I signed up for the mentorship program, I decided to pursue my jewelry business instead of real estate. I called Trump, and asked to cancel my mentorship program and to give me my money back. I called within three days after signing up, which, I believed, was in accordance with Trump’s cancellation policy, but I was told that they did not issue any refunds for the mentorship program.” (Tekinay Aff. (Ex. K25) ¶ 10.)
- “I contacted Trump to request a refund. Despite my numerous attempts, I never got a refund. Every time I called I was told that it was ‘too late,’ that I only had 24-hours after signing up to cancel.” (Cunningham Aff. (Ex. K6) ¶ 9.)

(See also Affs. of Hamada (Ex. K12) at 2-3; Munter (Ex. K18) at 3; Compl. of Nussbaum (Ex. L29); Wyche (Ex. L43); Holcomb (Ex. L19).)

108. In one instance, respondents also refused to honor a timely request to rescind, by reiterating explicit promises of personal assistance but then renegeing on those promises after the three-day cooling-off period had expired and then ignoring demands for a refund:

Because Mr. Goff promised to personally work with me, I bought the Trump Gold Elite package for \$25,000. However, I called him in three days, the last day I could cancel the program, and I told him that I could not go through with the program and could not spend that money on Trump. **Mr. Goff reassured me and reiterated his promise to work with me personally . . . Mr. Goff called me in a few days, when it was already too late to cancel the mentorship program, and told me that instead of coming to work with me personally, he was sending another mentor, Medith Webb. . . .** I wrote a letter to Steven Goff and sent it to Trump before Mr. Webb arrived for our mentorship session. I demanded my \$25,000 back because Mr. Goff lied to me — he never called any of the property owners and he was not working with me personally as promised. I received a call about my letter from Jason Schauer at Trump and I re-iterated to him what I wrote in the letter to Trump. I was unable to get my refund and am still paying off debts from my Trump tuition.

(Meese Aff. (Ex. K17) ¶¶ 13-14, 16, 20 (emphasis added); see also Boutin Compl. (Ex. L7) (requested a refund but was stalled until after the refund period had passed).)

109. Trump University also routinely refused to provide refunds to students who complained of mentorships that were inadequate or incomplete. Instead, typically Trump



University was only willing to provide students with additional phone calls with a different mentor.

- “I did not receive a refund nor a written response from Mr. Sexton [President of Trump University] or anyone else at Trump. Instead, Mr. Gilpin offered me three or four hourly coaching sessions via phone. These phone sessions were also a complete waste. Whenever he actually did answer my calls, I was given no more than thirty minutes worth of basic information and was never actually led through a deal.” (Anderson Aff. (Ex. K1) ¶ 13.)
- “I called and requested a refund after the Trump Elite program because I was not satisfied with the program. Instead of a refund, I got another sales pitch. Mark Covais offered me a chance to take the course again for free with a different instructor. Trump University never refunded my money.” (Brown Aff. (Ex. K4) ¶ 18.)

(*See also* Affs. of Guillo (Ex. K11) ¶ 24 (no refund received despite multiple attempts); Scott (Ex. K22) ¶¶ 21-22 (same); *see also* Compls. of Jashnani (Ex. L20); Krauss (Ex. L22).) Often, it was only after a student made repeated attempts to contact Trump University, or contacted or threatened to contact his or her state attorney general, the BBB, or NYSED, that Trump University would finally provide a refund to the student. For example, after requesting a refund less than 48 hours after signing up for the Gold Elite program, followed by dozens of attempts to contact Trump University’s managers, Nora Hanna “threatened to call the New York Attorney General’s office to dispute Trump University’s business practices and to have them handle the situation” and “[o]nly then did Jason [Schauer] say that he was about to go into a meeting where they would address my situation and that I should call him back in two hours,” after which she called him again and was finally told that Trump University would refund her. (Hanna Aff. (Ex. K13) ¶¶ 16-23; *see also, e.g.*, Yates Aff. (Ex. C) ¶¶ 23-30 (detailing NYSED’s extensive efforts to obtain refunds for two Trump University students over the course of four months); Affs. of Rodriguez (Ex. K21) ¶ 7 (refund required “three phone calls and a visit to the Trump building”); Hamada (Ex. K12); Munter (Ex. K18).)

### **Students' Lack of Promised Success and Financial Injury**

110. Despite the hard work they expended attempting to invest in real estate, numerous Trump University students did not realize the successes that had been promised to them by their instructors and mentors — and in many instances ended up worse off than they had been before enrolling in any of Trump University's programs. Other students took on upwards of \$20,000 to \$35,000 in credit card debt, often at the suggestion of Trump University speakers, which they are still paying off. (*See* Affs. of Brown (Ex. K4) ¶ 19; Trevino (Ex. K26) ¶¶ 8, 14; Ward (Ex. K28) ¶ 19.) One student lost her life savings, and another had to downsize from a house to a studio apartment, as a result of their investments in the costly mentorship programs. (*See* Affs. of Cunningham (Ex. K6) ¶ 11; Scott (Ex. K22) ¶ 23.)

111. Despite these expensive investments, many students were unable to conclude a single real estate transaction, let alone recoup the cost of the Trump University programs. (*See, e.g.*, Affs. of Appel (Ex. K2) ¶ 21; Scott (Ex. K22) ¶¶ 15-18, 20; Brown (Ex. K4) ¶ 20; Jones (Ex. K15) ¶ 11; Trevino (Ex. K26) ¶ 17; Ward (Ex. K28) ¶ 19.) Trump University's failures to deliver on its promises led to these students' inability to recoup their costs or to turn a profit — failures such as inadequate training (*see, e.g.*, Affs. of Brown (Ex. K4) ¶¶ 17-18, 20-21; Trevino (Ex. K26) ¶ 17), unavailable and unknowledgeable mentors (*see* Affs. of Meese (Ex. K17) ¶¶ 17-19; Cunningham (Ex. K6) ¶¶ 6-8; Pierre (Ex. K20) ¶¶ 13-14; Trevino (Ex. K26) ¶¶ 15-17, 19; Ward (Ex. K28) ¶¶ 11-13, 16; Chait Compl. (Ex. L11)), and failure to deliver access to hard money lenders or other alternative sources of financing (*see* Affs. of Scott (Ex. K22) ¶¶ 15-18; Ward (Ex. K28) ¶¶ 15, 19; Mendez Compl. (Ex. L25)).

### **Liability of Michael Sexton, Donald Trump, and The Trump Organization for Trump University's Misconduct**

#### ***Donald Trump***

112. Donald Trump, both personally and through The Trump Organization, controlled many critical aspects of Trump University on a day-to-day basis — including the purse strings, advertisements, legal and regulatory matters, and a host of other functions. Although nominally a separate corporate entity, Trump University’s corporate form was routinely disregarded by both Donald Trump and The Trump Organization.

113. Donald Trump participated directly in the creation of Trump University and its operation. In fact, in a private action against Trump University in federal court, Trump has conceded that he had “significant involvement with both the operation and overall business strategy of Trump University,” including “attending frequent meetings” with Michael Sexton “to discuss Trump University’s operations.” (Ex. FF (Response of Donald J. Trump to Second Set of Interrogatories by Plaintiffs, in *Makaeff v. Trump University*, 10-cv-940 (S.D. Cal. filed Apr. 30, 2010)) at 2-3.)

114. Donald Trump held his stake in Trump University through two closely held corporations, DJT University Member LLC and DJT University Managing Member LLC, together giving him control of 92% of the equity in the Trump University. (*See* Ex. GG (Trump University operating agreement) at A-1.) He also invested all of the initial capital: \$1.8 million at first, with later contributions bringing the total to around \$2 million. (*See id.*; Matejek Tr. (Ex. HH) at 30-31; Sexton Tr. (Ex. B) at 42-43.) Sexton and Spitalny were allocated 4.5% and 3.5% respectively. (*See* Sexton Tr. (Ex. B) at 30-34, 284; Ex. GG (operating agreement) at A-1.) Donald Trump was designated as Trump University’s Chairman, a position he still holds today.

115. As described above (*see supra* ¶¶ 33-39), Donald Trump’s photographs, signature, and quotes were prominently displayed on all of Trump University’s newspaper advertisements and direct mail solicitations, the latter of which was typically styled as a letter

from Donald Trump, with a logo at the top that just read “TRUMP” and “From the Office of Donald J. Trump” with no mention of “Trump University.” Examples of statements directly from Donald Trump contained in advertisements and solicitations bearing Donald Trump’s signature include:

- “I can turn anyone into a successful real estate investor, including you.” (Exs. M1, M3 (newspaper advertisements).)
- “Are you the next DONALD TRUMP? Come Prove it to me!” (Ex. M2.)
- “I want to give you the benefit of my experience – to show you what to do and *not do* in this fast-changing market.” (Exs. M4-M5 (direct mail solicitations) (emphasis in original).)
- “Come to my **free** class. In just 90 minutes, my hand-picked instructors will share my techniques, which took my entire career to develop. Then, just copy exactly what I’ve done and get rich.” (*Id.* (emphasis in original).)
- “That’s why I’m sharing my proprietary ‘Blueprint For Real Estate Success’ . . . knowledge that can **empower you to be the one who wins in this downturn.**” (*Id.* (emphasis in original).)
- “My hand-picked instructors and mentors will show you how to use real estate strategies. . . With our simple instructions and practice exercises—and ongoing support from your own Trump Team of Experts—you’ll have what you need to succeed!” (*Id.*)

116. According to Michael Sexton’s sworn testimony, Donald Trump personally reviewed and approved each Trump University advertisement.

Q: So sometimes Mr. Trump himself would see ad copy?

A: . . . [H]e would always see the ad copy.

Q: . . . So he approved, he personally approved all ads that were in the newspaper?

A: He personally approved all the ads that were in the newspaper, yes.

(Sexton Tr. (Ex. B) at 214; *see also* (*id.* at 157 (acknowledging that “[n]one of [the] instructors at the live events were hand picked by Donald Trump”)); Ex. JJ1 (Feb. 19, 2008 email from Sexton stating: “Attached are the print ad and direct mail piece that DJT [Donald J Trump] approved.”).)

117. Donald Trump also personally appeared in an introductory video that was regularly shown to students at Trump University’s free seminars, stating that he “handpicked” all of Trump University’s instructors (*see supra* ¶¶ 45-46) when that was not the case (*see supra* ¶ 48).

118. Donald Trump is identified as the co-author of several of the books made available to Trump University students — including *Trump 101* and *Wealth Building 101* — both of which prominently profess Trump’s desire to be an educator and his involvement with Trump University. Donald J. Trump (with Meredith McIver), *Trump 101: The Way To Success*, 30 (2007) (“I created Trump University because I want to impart the business knowledge that I’ve accumulated over the years.”); Trump University, *Trump University Wealth Building 101: Your First 90 Days on the Path to Prosperity* (John Wiley & Sons 2007) (“Trump University . . . grew out of my desire to share my business knowledge. . . . I’m an active presence in shaping the curricula, and publishing books like *Wealth Building 101*, because I truly believe in the power of education.”). The forward to Trump University Commercial Real Estate Investing 101 contains the assertion that that he himself “made sure that the curriculum is built on a rock-solid foundation of proven methods for building your business.” Donald Trump, *Foreword to David Lindahl, Trump University Commercial Real Estate Investing 101*, at xvii (1st ed., John Wiley & Sons, Inc. 2008). In forwards to several different books, Trump wrote: “If you’re not satisfied with the status quo in your career, read this book, pick on one key idea, and implement it. I guarantee it will make you money.” Trump also wrote in a chapter to another book, “I am very

thorough when it comes to things relating to my brand – namely, *everything*.” (D. Trump, Chapter 1 to Don Sexton, PhD, *Trump University Branding 101*, 4 (D. Trump & D. Sexton, John Wiley & Sons, Inc. 2008).

119. Donald Trump also personally participated in meetings to discuss Trump University’s marketing materials with Michael Sexton. (*See* Ex. JJ1-JJ3 (e-mails from Michael Sexton to Rhona Graff, assistant to Donald Trump).) As noted above (*see supra* ¶ 113), Trump has also conceded that he had “significant involvement with both the operation and overall business strategy of Trump University,” including “attending frequent meetings” with Michael Sexton “to discuss Trump University’s operations.” (Ex. FF.)

120. As noted above, Donald Trump was informed by NYSED as early as 2005 that Trump University was operating without a license and that its use of the word “University” in its name violated New York Education Law. (*See supra* ¶¶ 17-18.)

121. While Trump University LLC had its own checking and bank accounts, the signatories of those accounts consisted solely of Donald Trump himself, his three adult children, and Allen Weisselberg. (*See* Matejek Tr. (Ex. HH) at 34-35, 39-43; Sexton Tr. (Ex. B) at 228-29; Ex. JJ4 (e-mails between Matejek and Donna Kidder, Senior Accountant at The Trump Organization, May 19, 2009).) None of these signatories were ever employees of Trump University LLC.

122. Indeed, when occasional capital distributions were made to Donald Trump, first recompensing him for his initial capital contribution and then paying him up to \$5 million in profits, the various checks were written to “Donald J. Trump” personally, rather than to the legal entities through which Trump purportedly held his stake, DJT University Member LLC and DJT University Managing Member LLC. Donald Trump also signed these checks. (*See* Matejek Tr.

(Ex. HH) at 91-92; Ex. JJ5 (check for \$500,000 issued to Donald Trump).) In fact, according to Matejek, Trump University never made any payments to DJT University Member LLC or DJT University Managing Member LLC. (*See* Matejek Tr. (Ex. HH) at 91-92.) After their initial creation in 2004, those corporate entities — which were the actual members of Trump University LLC and thus the rightful recipients of any capital distributions from it (*see, e.g.*, Ex. GG (operating agreement) at 16-17) — were almost completely disregarded.

***Michael Sexton***

123. Respondent Michael Sexton actively participated in and had actual knowledge of many of the fraudulent and illegal acts of Trump University.

124. Sexton was President of Trump University from its inception in 2004 until late in 2010. He was one of the four members of Trump University LLC, with a 4.5% equity interest. (*See supra* ¶ 114.) He was involved in the creation of Trump University, including bringing the idea to Donald Trump in 2004 and meeting with him and Trump Organization employees to discuss its formation and the terms of the Trump University LLC agreement. (Sexton Tr. (Ex. B) at 12-38.)

125. As President, he oversaw all of its operations, including, but not limited to, its finances, curriculum development, the scheduling and execution of its seminars and mentorship programs, and its reporting to employees of The Trump Organization and Donald Trump. (*See, e.g.*, Sexton Tr. (Ex. B) at 102-09 (discussing his role in decision to move from distance learning to live seminars and decisions regarding finances and profitability); 133-34, 157-59, 161-62 (designing and testing the live seminar curriculum); 135-36 (scheduling the times and locations of live seminars); 146-52 (testing and interviewing instructors); 171-72 (designing the

mentorships); 188-93 (discussing cash flow issues with employees at The Trump Organization).)

126. Moreover, as early as 2005, Sexton was informed by NYSED that Trump University lacked proper licensing and was illegally marketing itself as a University (*see id.* at 197-200), but despite Sexton's promises to Joseph Frey at NYSED, he ultimately took no action to rectify these persistent violations of New York law for nearly five years — and never rectified Trump University's evasion of New York licensure and regulatory laws. (Yates Aff. (Ex. C) ¶¶ 10-14, 19-20, 27-30, 32-37.)

### ***The Trump Organization***

127. The Trump Organization actively participated in and had direct control over all aspects of the operation of Trump University.

128. The Trump University LLC corporate form was regularly and almost completely ignored. There were never any meetings of the members, no votes ever taken, and no minutes of meetings ever prepared. (*See* Sexton Tr. (Ex. B) at 40-42.) Major corporate decisions were routinely made for Trump University LLC by individuals who were not officers, directors, or employees of the company or of its members, such as the decisions to change Trump University's business model in 2005 (*see* Sexton Tr. (Ex. B) 103-04) or to wind down its operations in 2010 due to poor revenue performance (*see id.* at 188-93). Requests from Trump University management for additional capital were made directly to Jeff McConney, the Controller of The Trump Organization. (*See* Matejek Tr. (Ex. HH) at 30-31.)

129. In fact, the legal formalities of Trump University's separate corporate existence have been ignored to the extent that Sexton himself — the co-founder and former president of the company — was as of his sworn testimony in July 2012 unaware that he is still in fact a



member of the company, known since May 2010 as The Trump Entrepreneur Initiative LLC. (See Sexton Tr. (Ex. B) at 196-97.)

130. Given that Trump University did not have control over its own bank accounts, in order for Trump University LLC vendors to be paid, Trump University checks had to be sent from Trump University LLC at 40 Wall Street to Trump Organization CFO Allen Weisselberg at the Trump Tower on Fifth Avenue, for Weisselberg's review and signature. (See Matejek Tr. (Ex. HH) at 44-48; Ex. JJ6 (e-mails between Matejek and Michael Bloom, Nov. 19, 2009).) Furthermore, for more than a year after the bank accounts were opened, Trump University Controller Steven Matejek could not even see the balances in the accounts until monthly statements arrived; this practice was only changed after Matejek made repeated requests to Jeff McConney that he be authorized to receive online access to the account information. (See Matejek Tr. (Ex. HH) at 70; Ex. JJ7 (e-mails among Matejek, Jeff McConney, and Weisselberg, Dec. 13, 2006); Ex. JJ8 (e-mails between McConney and Matejek, Dec. 28, 2006).)

131. The Trump Organization also prohibited Trump University from having any corporate credit cards for routine expenses. Instead, Trump Organization employees instructed Trump University to put all such charges on Michael Sexton's personal credit card, sometimes resulting in hundreds of thousands of dollars in charges in a single month. (Sexton Tr. (Ex. B) at 230-31.) Payment of Sexton's credit card bills then had to be sent each month to Weisselberg for review and approval. (See, e.g., Ex. JJ9 (e-mail from Matejek to Kristen Dudley at The Trump Organization, Nov. 26, 2008).)

132. Further, Matejek was required to provide at least monthly financial reports to Weisselberg, McConney, and other employees of The Trump Organization containing spreadsheets as well as narrative descriptions of whether financial metric targets for Trump

University LLC were being met and, if not, the reasons why. (*See* Matejek Tr. (Ex. HH) at 18, 107-08, 124-25; *see also, e.g.*, Ex. JJ10 (email from Matejek to Weisselberg, July 28, 2010).) Moreover, Matejek was required to make quarterly and annual reports to Weisselberg and his staff at The Trump Organization and was reprimanded when such reports were tardy. (*See* Matejek Tr. (Ex. HH) at 107-09, 114-15; *see also, e.g.*, Ex. JJ11 (emails between Matejek and Weisselberg, May 7, 2010).)

133. When Trump University began experiencing financial difficulties in late 2009 and into 2010, The Trump Organization allowed Trump University to remain in its office space at 40 Wall Street (purportedly operated by another Trump entity called “40 Wall Street LLC”) without paying any rent — an informal arrangement that was announced verbally by Allen Weisselberg at a meeting with Sexton and Matejek in the spring of 2010, without any reduction to writing and without any communication with any employees of 40 Wall Street LLC. (*See* Matejek Tr. (Ex. HH) at 93-96.)

134. The Trump Organization also directly administered many of the other business functions of Trump University, often in minute detail, including:


- Managing Trump University’s insurance policies, including the payment of premiums and the submission and processing of claims (*see* Matejek Tr. (Ex. HH) at 77-82; Ex. JJ12 (e-mails between Matejek and Stephanie Lennig at The Trump Organization, Sept. 10, 2007));
- Managing Trump University employees’ 401k retirement accounts (*see* Matejek Tr. (Ex. HH) at 18-20; Exs. JJ13-JJ15 (emails between Matejek and McConney, Oct. 26, 2006, Mar. 22, 2006, and Feb. 10, 2010));
- Purchasing and renewing at least eight Internet domain names used in conjunction with Trump University, all of which name the official registrant as “The Trump Organization, 725 Fifth Avenue” and the contact e-mail address as “generalcounsel@trumporg.com” (Ex. JJ16 (domain registration data); *see also* Ex. JJ17 (emails from Sexton to Jae Cho, telling Cho not to renew two Canadian domain names, Nov. 1, 2010));

- Hosting and managing Trump University’s e-mail addresses and systems, including handling requests for individual Trump University employees’ accounts to be created and eliminated (*see* Matejek Tr. (Ex. HH) at 64-65; Ex. JJ18 (e-mail from Matejek to Cho, Feb. 27, 2009); Exs. JJ19-JJ20 (e-mails between Highbloom and Cho, Nov. 15, 2007 and Aug. 11, 2008); Ex. JJ21 (e-mails between Matejek and Cho, June 20, 2006), with even rank-and-file Trump University employees having e-mail addresses at The Trump Organization’s trumporg.com domain name (*see, e.g.*, Ex. JJ22 (examples of e-mails from Trump University employees with trumporg.com e-mail addresses)));
- Providing all of Trump University’s information technology (“IT”) and “help desk” support, including to individual Trump University employees, who routinely contacted Trump Organization IT manager Jae Cho to troubleshoot individual computer and e-mail issues (*see* Matejek Tr. (Ex. HH) at 98-99; *see also, e.g.*, Ex. JJ23 (e-mail from Matejek to Cho, Feb. 28, 2006: “Can you remove all email filtering from my account?”); Ex. JJ24 (e-mail from Matejek to Cho, Apr. 1, 2006, regarding problems with remote access through virtual private network); Ex. JJ25 (e-mails between Matejek, Cho, and Paul Quintal, Apr. 16, 2008, regarding issues at Utah call center using Microsoft Outlook);
- Purchasing and maintaining individual licenses and contracts for Blackberry devices for Trump University employees (*see* Matejek Tr. (Ex. HH) at 92-93; *see also, e.g.*, Ex. JJ26 (e-mail from Paul Quintal to Cho, June 21, 2006)).

135. In addition, Trump University’s instructors and speakers routinely told audiences that they and their colleagues were appearing “on behalf of the Trump [O]rganization,” or that they were “hand selected by the Trump Organization,” and that students would be taught by, work with, and receive “12 months of support from the Trump [O]rganization.” (*See* Ex. H40 (Foster presentation, Dec. 3, 2007) at 1; Ex. H37 (Harris presentation, June 4, 2009) at 2; Ex. H22 (Shortle presentation, Jan. 26, 2009) at 2; Ex. H9 (Ulmer presentation, Jan. 19, 2008) at 2; Ex. H56 (Sperry presentation, Apr. 27, 2009) at 42; Ex. H3 (S. Goff presentation, Nov. 3-6, 2008) at 8-9, 23, 38; Ex. H57 (Martin presentation, Aug. 26, 2009) at 24; Ex. H10 (Natoli presentation, Aug. 5-7, 2008) at 6-7, 12, 15-16, 23-24; Ex. H58 (Natoli presentation, July 31, 2008) at 24.)

136. The in-house lawyers at The Trump Organization also made decisions for Trump University when legal and regulatory issues arose. For example, when the Texas Attorney General sent a subpoena to Trump University investigating its activities in that state, in-house counsel at the Trump Organization handled the response, hired outside counsel, and ultimately decided to abandon Trump University's operations in Texas — all without any decision having been made by any Trump University employee. In fact, Michael Sexton never saw, let alone approved, the final resolution with Texas authorities that resulted in Trump University ceasing further operations in Texas. (*See* Sexton Tr. (Ex. B) at 276-78.) In 2010, when Trump University finally engaged with NYSED over its use of the name “University” five years after NYSED first notified Sexton, Trump, and Trump University of that legal violation, it was Trump Organization employees who decided they would belatedly change the company's name to comply with New York law and who filed the necessary Certificates of Amendment with the New York Department of State. (*See* Ex. JJ27 (letter from George Sorial, Trump Organization Assistant General Counsel, written on Trump Organization letterhead, Apr. 27, 2010).)

Dated: August 26, 2013  
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