

**Letitia James**

New York State Attorney General

## **AG James Secures Court Order Against Donald J. Trump, Trump Children, And Trump Foundation**

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*AG James Achieves Restitution of Misused Funds, Dissolution of Foundation, and Restrictions on Charitable Activity After Donald J. Trump's Abuse of the Trump Foundation*

*Trump to Pay \$2 Million in Damages for Illegal Activity During 2016 Election*

NEW YORK – New York Attorney General Letitia James today announced that the New York Supreme Court ordered Donald J. Trump to pay \$2 million in damages for improperly using charitable assets to intervene in the 2016 presidential primaries and further his own political interests. The award is part of Attorney General James' lawsuit against the Donald J. Trump Foundation and its directors – Mr. Trump, Donald Trump Jr., Ivanka Trump, and Eric Trump.

As part of the settlement, Attorney General James also announced that her office entered into multiple stipulations with the Trump Foundation and its directors to resolve the remaining claims in the lawsuit. Chiefly, Mr. Trump admits to personally misusing funds at the Trump Foundation, and agrees to restrictions on future charitable service and ongoing reporting to the Office of the Attorney General in the event he creates a new charity. The settlements also include mandatory training requirements for Donald Trump Jr., Ivanka Trump, and Eric Trump. Finally, the settlements name the charities that will receive the remaining assets of the Trump Foundation as part of its dissolution.

“The Trump Foundation has shut down, funds that were illegally misused are being restored, the president will be subject to ongoing supervision by my office, and the

Trump children had to undergo compulsory training to ensure this type of illegal activity never takes place again,” said **Attorney General James**. “The court’s decision, together with the settlements we negotiated, are a major victory in our efforts to protect charitable assets and hold accountable those who would abuse charities for personal gain. My office will continue to fight for accountability because no one is above the law — not a businessman, not a candidate for office, and not even the President of the United States.”

The lawsuit against the Donald J. Trump Foundation was filed in June 2018 — charging the Foundation’s directors with ignoring their oversight duties under New York’s charity laws and demonstrating how Mr. Trump repeatedly used Foundation money for his own personal, business, and political interests, including the unlawful coordination with his 2016 presidential campaign. In the first half of 2016 — at the height of the Republican primaries — Mr. Trump used Foundation money, raised from the public, to demonstrate his purported generosity and attract votes. Mr. Trump and his campaign doled out \$500,000 at a campaign rally in the days leading up to the first primary election in the nation, the Iowa caucuses, then took credit for all \$2.8 million in grants the Foundation made.

In her decision ordering Mr. Trump to pay \$2 million, Justice Saliann Scarpulla said, “...Mr. Trump breached his fiduciary duty to the Foundation and that waste occurred to the Foundation. Mr. Trump’s fiduciary duty breaches included allowing his campaign to orchestrate the Fundraiser, allowing his campaign, instead of the Foundation, to direct distribution of the Funds, and using the Fundraiser and distribution of the Funds to further Mr. Trump’s political campaign.”

In total, the Office of the Attorney General has entered into four stipulation agreements as part of this settlement.

Last year, in December 2018, following a court decision in favor of the Attorney General’s Office, the first stipulation took effect when the Trump Foundation agreed to shutter its doors and dissolve under court supervision. In October 2019, the Office of the Attorney General entered three additional stipulations. One stipulation ensures that the Foundation’s remaining assets will go to reputable charities approved by Attorney General James and that have no connection to Mr. Trump or his family members. Another stipulation ensures that Donald Trump, Jr., Ivanka Trump, and Eric Trump

received training on the duties of officers and directors of charities so that they cannot allow the illegal activity they oversaw at the Trump Foundation to take place again.

The third stipulation includes 19 paragraphs of factual admissions by Mr. Trump and the Foundation of illegal activity. Mr. Trump admitted that the Foundation's board of directors — of which he was chair — failed to meet, failed to provide oversight over the Foundation, and failed to adopt legally required policies and procedures. He also admitted that these failures “contributed to the Foundation's participation” in seven related party transactions described in the settlement document and in the Attorney General's lawsuit.

Mr. Trump and the Foundation have admitted key facts about their illegal political coordination with the Trump campaign, including that a purported Foundation fundraiser in January 2016 was in fact a campaign event, and that Foundation gave the Trump campaign complete control over the timing, amounts, and recipients of the \$2.8 million raised through that event. Mr. Trump further admits that he and his campaign took credit for the grants that the Foundation made with funds that had been raised from the public. Justice Scarpulla noted in her decision that “Mr. Trump's campaign, rather than the Foundation: (1) ‘planned’ and ‘organized’ the Fundraiser; and (2) ‘directed the timing, amounts, and recipients of the Foundation's grants to charitable organizations supporting military veterans.’”

Additionally, Mr. Trump admitted a number of key facts about the other self-dealing transactions he initiated as chair — specifically, that he used Foundation funds to settle legal obligations of companies he controlled, and that the Foundation paid for a portrait of Mr. Trump that cost \$10,000. As separate piece of the settlement Donald Trump Jr. reimbursed the Foundation for the cost of the portrait. The settlement also requires the Foundation to be reimbursed \$11,525 for sports paraphernalia and champagne purchased at a charity gala.

Finally, the settlement agreement imposes a regime of restrictions on any future service by Mr. Trump on a charity's board of directors, including a total ban on any self-dealing. Any charity he joins as a director must have a majority of independent directors, must engage counsel with expertise in New York not-for-profit law, and must engage the services of an accounting firm to monitor and audit the organization's grants and expenses. If Mr. Trump forms a new charity, such an organization must comply with these requirements, and also report to the Office of the Attorney General for five years.

The \$1.78 million in assets currently being held by the Trump Foundation, along with the \$2 million in damages to be paid by Mr. Trump, will be disbursed equally to eight charities: Army Emergency Relief, the Children's Aid Society, Citymeals-on-Wheels, Give an Hour, Martha's Table, United Negro College Fund, United Way of National Capital Area, and the U.S. Holocaust Memorial Museum. The charities — which were required as part of the resolution to be entities that did not have any relationship with Mr. Trump or entities he controlled — were approved by the Office of the Attorney General and the court.

This case was handled by Assistant Attorney General Yael Fuchs, Co-Chief of the Enforcement Section of the Charities Bureau; Assistant Attorneys General Steven Shiffman and Peggy Farber of the Charities Bureau; with assistance from Senior Counsel Matthew Colangelo and former Special Counsel Laura Wood. James Sheehan is the Chief of the Charities Bureau, and Karin Kunstler Goldman is the Deputy Chief. The Charities Bureau is a bureau of the Division of Social Justice, headed by Chief Deputy Attorney General Meghan Faux.