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CASINO CONTROL COMMISSION
LEGAL DIVISION

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STATE OF NEW JERSEY
CASINO CONTROL COMMISSION
DOCKET NO.:

91-1060-VC

STATE OF NEW JERSEY, :
DEPARTMENT OF LAW AND :
PUBLIC SAFETY, DIVISION :
OF GAMING ENFORCEMENT, :
:
Complainant :
:
vs. :
:
TRUMP'S CASTLE ASSOCIATES :
LIMITED PARTNERSHIP, d/b/a :
TRUMP'S CASTLE :
CASINO RESORT BY THE BAY :
:
Respondent. :

COMPLAINT

Complainant, State of New Jersey, acting by and through its Division of Gaming Enforcement having its principal office at the Richard J. Hughes Justice Complex, CN-047, in the City of Trenton, County of Mercer, State of New Jersey says:

COUNT I

1. Complainant, by and through its Division of Gaming Enforcement, (hereinafter "Division"), is now and at all times referenced herein has been charged with the responsibility pursuant to the Casino Control Act (P.L. 1977, c. 110, N.J.S.A. 5:12-1 et seq., hereinafter "the Act") of enforcing said Act, and the regulations promulgated thereunder by the Casino Control Commission (hereinafter "Commission") and of prosecuting violations thereof before the Commission.

2. Respondent, Trump's Castle Associates Limited Partnership (hereinafter "Castle"), is a New Jersey limited partnership organized under the laws of the State of New Jersey on May 24, 1985 by Donald J. Trump and Trump Castle Hotel, Inc. Mr. Trump beneficially owns 100% of the Castle. Since the time of its organization and at all times referenced herein, Castle has had its principal place of business located at Huron Avenue and Brigantine Boulevard in the City of Atlantic City, County of Atlantic and the State of New Jersey.

3. Castle is the holder of a plenary casino license issued to it by the Commission authorizing it to operate a casino hotel in accordance with the Act and the regulations promulgated thereunder. Said license was issued to Castle effective June 19, 1985, and most recently renewed effective May 16, 1989, and Castle has been conducting its casino hotel operations pursuant to said license

continually to date since that time including all times referenced herein.

4. Castle is the holder of, and operates pursuant to, a Certificate of Operation effective June 19, 1985 and Castle has conducted its casino hotel operations pursuant to said Certificate of Operation continually to date since that time including all times referenced herein. Said Certificate of Operation entitles Castle to operate a casino hotel in accordance with the provisions of the Act and regulations promulgated thereunder.

5. On Monday, December 17, 1990, Castle was able to pay the installment of interest then due and payable on certain public bonds, which payment was funded from cash on hand and, in part, with the proceeds of a deposit in the amount of \$3,500,000 made by Fred Trump with the Castle casino cage.

6. On December 17, 1990, a certified check payable to Castle in the amount of \$3,350,000 drawn on the account of Fred Trump at Manufacturers Hanover Trust Company in New York was deposited at the Castle cage by Howard Snyder "as attorney for" Fred Trump.

7. On December 17, 1990, an application was completed with the information required to establish a front money account which application is in the name of Fred C. Trump listing "Howard Snyder as attorney for" Fred C. Trump.

8. The "Front Money Account" application was signed in the name of "Howard Snyder as attorney for Fred Trump".

9. Thereafter, on December 17, 1990, a customer deposit

withdrawal for \$3,350,000 was prepared by a pit clerk against the account of Fred Trump.

10. Also on December 17, 1990, a Castle dealer at a blackjack table paid out the entire amount of \$3,350,000 in gray \$5,000 chips to Howard Snyder who placed them in a small case. This transaction was videotaped and fully documented by Castle.

11. No gambling activity took place by Howard Snyder on December 17, 1990 with the aforementioned chips.

12. No gambling activity took place by Fred Trump on December 17, 1990 with the aforescribed chips.

13. Fred Trump was not present at the Castle on December 17, 1990.

14. On December 18, 1990, a bank wire transfer in the amount of \$150,000 was sent by Manufacturers Hanover Trust Company in New York to Castle's bank account.

15. The \$150,000 was deposited to the Fred Trump front money account described in paragraph 7 and a customer deposit voucher in that amount was signed by "Howard Snyder as attorney for Fred Trump".

16. Included with the above described wire transfer documents was a copy of a written "Power-of-Attorney" agreement between Fred Trump as principal and Howard Snyder as attorney-in-fact dated December 17, 1990.

17. Thereafter, on December 18, 1990, a customer deposit withdrawal form was prepared by a pit clerk and Howard Snyder

received \$150,000 in chips in a transaction videotaped and fully documented by Castle.

18. Neither Howard Snyder nor Fred Trump gambled at Castle with the \$150,000 in chips received on December 18, 1990.

19. Fred Trump was not present at the Castle on December 18, 1990.

20. As of the present date, none of the \$3,500,000 in Castle chips received by Howard Snyder have been redeemed.

21. Section 84b of the Act (N.J.S.A. 5:12-84b) was effective at all times referenced herein and provides that:

Each applicant shall produce such information, documentation and assurances as may be necessary to establish by clear and convincing evidence the integrity of all financial backers, investors, mortgagees, bond holders, and holders of indentures, notes or other evidences of indebtedness, either in effect or proposed, which bears any relation to the casino proposal submitted by the applicant or applicants. The integrity of financial sources shall be judged upon the same standards as the applicant. In addition, the applicant shall produce whatever information, documentation or assurances as may be required to establish by clear and convincing evidence the adequacy of financial resources both as to the completion of the casino proposal and the operation of the casino.

22. By permitting Fred Trump through a power-of-attorney arrangement to infuse \$3,500,000 into the Castle pursuant to the above described front money account and chip purchase transaction, a situation was created where Fred Trump was a "financial source" for the Castle pursuant to Section 84b of the Act.

23. As of the date of the chip purchases and to the present time, the Commission has not determined that Fred Trump has qualified as a financial source.

24. Section 95.12a of the Act (N.J.S.A. 5:12-95.12a) was effective at all times referenced herein and provides in pertinent part that:

Except as provided in subsection b. of this section, whenever any person contracts to transfer any property relating to an ongoing casino operation, including a security holding in a casino licensee or holding or intermediary company, under circumstances which require that the transferee obtain casino licensure under section 82 of the "Casino Control Act," P.L. 1977, c. 110 (C. 5:12-82), or qualification under section 84 or 85 of the "Casino Control Act." P.L., 1977. c. 110 (C. 5:12-84 and 5:12-85), the contract shall not specify closing or settlement date which is earlier than the 121st day after the submission of a completed application for licensure or qualification, which application shall include a fully executed and approved trust agreement in accordance with section 5 of this 1987 amendatory and supplementary act.

25. By permitting the transaction with Fred Trump to occur as it did Respondent Castle violated N.J.S.A. 5:12-95.12a.

26. Casino Control Commission Resolution 89-122, which is applicable to Castle, provides in paragraph 24 with respect to new financial sources as follows:

That the Licensee immediately notify the Commission and Division in writing as soon as it becomes aware that it intends to enter into a transaction bearing any relation to its casino project which may result in any new financial backers, investors, mortgagees,

bondholders, or holders or indentures, notes or other evidences of indebtedness [see N.J.S.A. 5:12-84(b) and 95.12 through 95.16];

27. The Castle failed to notify the Commission and Division in writing of the fact that the Fred Trump transaction would create a new financial source as required by paragraph 24 of Commission Resolution 89-122.

WHEREFORE, Complainant demands the following relief:

A. A determination that Respondent Castle violated N.J.S.A. 5:12-84b and 95.12a and Commission Resolution No. 89-122.

B. A determination imposing an appropriate penalty upon Respondent Castle for said violation;

C. Appropriate action to prevent this type of event from occurring in the future; and

D. Any other relief which the Commission in its judgment may deem just and appropriate.

COUNT II

1. Complainant repeats each and every allegation contained in Count I of the Complaint as if set forth herein at length.

2. Subsection a of N.J.S.A. 5:12-99, which was in effect at all times referenced herein, requires each casino to submit to the Commission for review and approval a description of its system of internal procedures and administrative and accounting controls. Subsection b of section 99 of the Act states in pertinent part that:

No casino licensee shall commence gaming operations, or alter in fact its internal controls, unless and until such system of controls is approved by the commission.

3. By utilizing a power of attorney procedure in the establishment of a front money account, and in the subsequent withdrawals from that account, as described in Count I, supra, Castle violated N.J.S.A. 5:12-99 since Castle engaged in a procedure relating to its casino operations that was neither submitted to nor approved by the Commission.

WHEREFORE, the Complainant demands the following relief:

A. A determination that Respondent Castle violated N.J.S.A. 5:12-99b;

B. A determination imposing an appropriate penalty upon Respondent Castle for said violation;

C. Appropriate action to prevent this type of event from occurring in the future; and

D. Any other relief which the Commission in its judgment may deem appropriate.

Respectfully submitted,
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By: 

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Dated: *April 3, 1991*
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