STATE OF NEW JERSEY
CASINO CONTROL COMMISSION

IN RE: CONSOLIDATED FINANCIAL
STABILITY HEARING OF TRUMP TAJ MAHAL:
ASSOCIATES, TRUMP HOTEL MANAGEMENT:
CORPORATION, TRUMP'S CASTLE:
ASSOCIATES LIMITED PARTNERSHIP AND:
TRUMP PLAZA ASSOCIATES:

Tuesday, June 18, 1991
Atlantic City Commission Office
Tennessee & Boardwalk
Atlantic City, NJ 08401
10:15 a.m.

VOLUME IV

BEFORE:

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VALERIE H. ARMSTRONG, VICE CHAIR
W. DAVID WATERS, COMMISSIONER
JAMES R. HURLEY, COMMISSIONER
FRANK J. DODD, COMMISSIONER

PRESENT FOR THE CASINO CONTROL COMMISSION:

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CHAIRMAN PERSKIE: Good morning.

Look over here at this great expansive space.

COMMISSIONER DODD: A distinct lack of interest.

CHAIRMAN PERSKIE: It shows you what happens.

We will reconvene the hearing this morning, today being the 18th. The record will reflect that all of the members of the Commission are present.

Mr. Ribis, where are you? Good morning. You are still under oath. If you will resume the chair, I think we were at the stage where it was Mr. Auriemma’s opportunity to play.

Anything that we need to know before we commence?

MR. FUSCO: No, Mr. Chairman.

CHAIRMAN PERSKIE: Okay.

CROSS-EXAMINATION

BY MR. AURIEMMA:

Q Mr. Ribis, I am just going to go down various things. Let’s start with Trump Plaza first. Yesterday in a discussion with the Chairman we talked about the Regency lease and the real estate tax payments and is it fair to say just to recap that the
Ribis - Cross by Auriemma

May 1 real estate tax payments on Trump Regency were not paid and you are currently in arrears?

A That's correct. The Regency hasn't paid.

Q The Regency has not paid up.

And the subject of who will pay those plus the taxes on a going forward basis is still subject to negotiation with Manufacturers Hanover Trust Company?

A Yes. That's an obligation of the Regency. It's not an obligation of the Plaza and that is the arena of the discussion right now.

Q And the mere fact that those taxes were not paid, is there any recourse to Trump Plaza by virtue of the nonpayment of those taxes?

A No, not at the present time.

CHAIRMAN PERSKIE: So what's at stake on that there then is simply The Trump Organization's ownership in the Regency?

THE WITNESS: Just the Regency's obligation to pay the taxes, that's correct.

CHAIRMAN PERSKIE: But I mean in default of that payment, who's got recourse against whom?

THE WITNESS: Well, we have already defaulted on the mortgage there. We have not
Ribis - Cross by Auriemma

defaulted but we are not current on our payments at
the present time.

CHAIRMAN PERSKIE: The "we" in that
case is the Trump Organization?

THE WITNESS: Well, it's a separate
company. It's the Regency partnership.

CHAIRMAN PERSKIE: Okay. But my
point is it's separate from Trump Plaza?

THE WITNESS: That's correct.

BY MR. AURIEMMA:

Q One of the things I had asked about at the
close of day yesterday was the cash position of Trump
Plaza. Could you just go through that and give a
breakdown?

A Sure. After I finished we went and
prepared a memo for you which I believe Mr. Fusco has,
but it's 2.3 million dollars in cash above the cage.
The cage is restricted funds, is five million dollars
and a five million dollar available line of credit.
That's how I got to my 13. It's really 12.3. So I
was incorrect.

Q The line of credit that's with People's
Bank?

A That's correct.

Q Now, with respect to the five million
dollar interim facility with People's Bank, A-61 was admitted in evidence yesterday evidencing that commitment; is that correct?

A That's correct.

Q And as of today, subject to the Division reporting on People's Bank as a financial source, are those funds available?

A They will be available as soon as--they are available as soon as this hearing is completed.

That was the only condition to the availability of the money was the completion of these hearings before the Commission today, but it's available.

CHAIRMAN PERSKIE: Completion with certain results I assume?

THE WITNESS: Well, successful completion of these hearings before the Commission, yes.

MR. AURIEMMA: With respect, Mr. Chairman, members of the Commission, with respect to People's Bank as a financial source the Division, of course, was apprised some time ago that People's Bank and the Plaza was negotiating a line of credit. We commenced a financial source investigation at that point.

CHAIRMAN PERSKIE: What caused the
Ribis - Cross by Auriemma

initiation? Was this an application by Peoples or by the Plaza for that?

MR. AURIEMMA: No. Well, the documents that were filed on a weekly basis with the Commission.

CHAIRMAN PERSKIE: Right.

MR. AURIEMMA: Reiterated the fact or iterated the fact that they were negotiating a 10 million dollar line of credit, and based on oral conversations we assume that there would be a line of credit. So as not to cause a hitch we commenced the financial source investigation.

CHAIRMAN PERSKIE: Which is presently ongoing?

MR. AURIEMMA: Presently ongoing. Our intention is if we are back here on Thursday and/or Friday, I believe I will be able to report on them. I am not sure I will be able to write a letter by then since I am going to be here tomorrow as well, but I will be able to report on their qualification as a financial source.

CHAIRMAN PERSKIE: Let me ask on that one point, on that line of credit, either the five or the eventual 10, has any of that been advanced at this point?
THE WITNESS: No, it has not and it
would not be—we don't need it, number one. But,
number two, it won't be advanced until they are a
qualified financial source.

CHAIRMAN PERSKIE: What was then the
source of the 16 or 17 million dollar interest payment
that the Plaza made on Friday on the bonds?

THE WITNESS: Internal funds. Funds
from the property.

CHAIRMAN PERSKIE: All of it?

THE WITNESS: All of it.

CHAIRMAN PERSKIE: None of it was
advanced by that bank or any other?

THE WITNESS: No.

MR. AURIEMMA: That's our
understanding as well and our investigation has shown
that it came from internal sources.

CHAIRMAN PERSKIE: All I know is what
I read in the papers.

MR. AURIEMMA: Sometimes they know
more than we do.

CHAIRMAN PERSKIE: And sometimes a
whole lot less.

BY MR. AURIEMMA:

Q Mr. Ribis, you have read the Division of
Gaming Enforcement report which has been admitted into evidence as D-10?

A    I have.

Q    With respect to the jackpot liability at Trump Plaza, do you agree that the jack--progressive jackpot liability for all links in excess of $100,000 is approximately 3.3 million dollars?

A    Yes, that's a correct number.

Q    And that's referred to on page 11 of the Division's report?

A    Yes. It was in the report.

Q    Let me just ask this again to make it crystal clear. On the five million dollar interim facility with People's Bank, that's an unsecured line of credit?

A    That's correct.

Q    On the 10 million dollar line which is still the subject of further negotiations with People's Bank, is that anticipated also to be an unsecured line or backed by some collateral?

A    We haven't finalized those negotiations and since they will be participant banks obviously there could be some security, but we have not completed those discussions and they will take place over the next 30 days.
Ribis - Cross by Auriemma

Q    Let's focus now on the Taj for the moment. Completion of the theater is something that is required under terms with the Housing Authority?

A    That’s correct.

Q    And that theater was supposed to be completed by the spring, but there were subsequent extensions granted. Can you tell us where that whole situation stands at the moment?

A    Yes. We have been dealing with the Housing Authority on a weekly basis and updating them as to the precise requests as to an extension. We have an extension, I believe it’s through early July, but we have indications there will be an additional extension. They want to be kept up-to-date as to the status of the property and we have not run into any problems with respect to extending that time period. Obviously at this time it’s not our intention to move ahead with the completion of the construction of the theater building until some later date.

Q    Since yesterday have you been apprised or received any information as to further vote tabulations with respect to the bondholders?

A    I have, but I would like to hold that until later in the hearing when Mr. Molloy, he is with one of our lawyers right now, and they should be here...
Ribis - Cross by Auriemma

sometime over the next 45 minutes to an hour. So I would like to leave that until that point if I could, Mr. Auriemma.

Q That's fine.

Let's focus--

A It was very, very optimistic that the Chair's requests will be complied with.

Q Let's focus on the Castle for the moment. We are now presented with a term sheet agreement which I sort of labeled yesterday Taj like in nature. That replaces what had been contemplated on April 29 which was the creation of a new series of bonds and the payment of the interest payment at the Castle from cash flow?

A Yes. The exchange offering time period has ended. We have not exchanged any bonds for the new series A-3 bonds and, as I explained yesterday, that during the process of doing the A-3 exchange and our discussions with the bondholders we looked for a long-term fix for this property.

Q It had also been contemplated in your testimony on April 29 that there would be a parking lot sale and that the Castle would receive 4.9 million dollars. Is it fair to say that that occurred?

A There was a contract and there was a
ribis - cross by auriemma

deposit and the contract has been terminated by the
parties to the contract and deposit returned to the
Taj Mahal.

Q Is it fair to say that other than the--

CHAIRMAN PERSKIE: Excuse me, that
deposit was how much?

THE WITNESS: About $950,000.

BY MR. AURIEMMA:

Q Is it fair to say that other than the
nonpayment of the Castle bonds yesterday that the
Castle is current on all of its other debts?

A Yes. It's current on all other debts.

Q Do you have a cash position with respect
to the Castle at the moment?

A Yes. As I explained yesterday, I believe
the cage is approximately four and-a-half million
dollars and the cash above the cage is approximately
seven million dollars. So it's about 11 million
dollars.

Q And there are no other lines of credit
that are available at the Trump Castle?

A No. As I explained yesterday, the
completion of the negotiations with the bondholders
included the 10 million dollar availability, cash
availability above cage funds on an ongoing basis.
CHAIRMAN PERSKIE: Excuse me, and the source of that would be from where?

THE WITNESS: The source of the money would be internal funds. In other words, it would be 10 million dollars above the restricted cage funds on an ongoing basis. It could be never—you could never sweep to an amount less than that 10 million.

BY MR. AURIEMMA:

Q With respect to progressive jackpots, is it fair to say that there are currently progressive jackpots in excess of $100,000 which total in the aggregate 1.6 million dollars at the Castle?

A Yes. That was in your report, that's correct.

Q With respect to the term sheet agreement with the Steering Committee of Castle bondholders, I asked Mr. Foss yesterday about a board of directors. I would like to ask you about that and I would also like to ask you whether you believe that that agreement contemplates an Audit Committee consisting of outside individual bondholders?

A Well, our Audit Committees, as you know, have always consisted of two independent outside members and one member who was Mr. Freeman who is the chairman of each of the Audit Committees. That will
Ribis - By Vice Chair Armstrong

remain the same. There--that was part of our original
licensing and there will be--I am sure the audit
process will remain consistent with what the
Commission did years ago. Our board of directors will
be--a majority of the board will be Trump
representatives.

MR. AURIEMMA: I have nothing
further. Thank you.

CHAIRMAN PERSKIE: Does any member of
the Commission have any questions for Mr. Ribis at
this time?

VICE CHAIR ARMSTRONG: I do.

CHAIRMAN PERSKIE: Vice Chair.

EXAMINATION

BY VICE CHAIR ARMSTRONG:

Q Mr. Ribis, I believe you indicated on
cross that during the exchange offer, which you
tested to back in April, that during that process
the Castle began to look for a long-term fix for the
property. Was that as a result of the lack of
successful results with regard to the exchange offer?

A That’s a good question. The answer
is--the answer is no. What happened was that I was
new on the job and so was Mr. Wagner and as I worked
through with Mr. Wagner and his people it was Mr.
Ribis - By Vice Chair Armstrong

Wagner's feeling and my feeling, which I communicated to Mr. Bollenbach and Mr. Freeman and Mr. Trump, that it would be a much better thing to do to not have the constant pressure of these interest payments under the current arrangement, the better fix would be a long-term fix and I think that's what led ultimately to the discussions which ended up in this term sheet and that's how it came about. It was an operational decision then taken to an executive level.

Q: Do you have any thoughts on why the exchange offer was not successful?

A: Oh, I think the change offer would have been successful. I'm not sure that the exchange offer would have served on a long-term basis the property well because it didn't reduce his debt. It was just an additional—it was an exchange of new bonds for old bonds and although it was an idea that was a good idea, it was not the longer term fix, and I think that the Commission when I was here, I think the Commission's reports and the Division's reports kind of honed in on a longer term fix for the property and then we took a hard look at it and I think that our results were about where we expected them, but then when we sat down and looked at it, we said all we are doing is continuing—continually chasing our tail. We
didn't want to do that anymore. We wanted to get a longer fix for the property and that's how we came up with the term sheet and our discussions with the bondholders which I think does that.

Q Mr. Ribis, what degree of confidence can I place in A-55-A which is the nonbinding outline of principal terms apparently negotiated by the Steering Committee of the Castle? I have to tell you it is unsettling to find ourselves on June 17 in this position and I am looking for any kind of confidence that any of these witnesses can give me as to what degree of faith I should place in this.

A I think that the Commission can take note of the history of how we dealt with the Taj situation. As you know, we are here in December and we had what I consider is a much less professionally done term sheet and we used that as a model for what we did here. I have a high degree of confidence. I wouldn't have gone down this road and let the exchange offering terminate by its date which was I believe July--June 11 if I didn't have a high degree of confidence. It wouldn't have been what we wanted to do here. So that I can assure the Commission from our standpoint, that is Trump Castle's, that we believe unequivocally that we have reached a deal with the
Bondholder Steering Committee.

As you know, it’s difficult because you are not dealing with one institution and I think that Mr. Nut’s explanation of how a Steering Committee is put together really clarified it not only for you but for me in that there is a much broader knowledge of what’s going on here and there has been for weeks and weeks and so I can give you from our side, we would not have done this transaction with the bondholders if we didn’t have a high degree of confidence that we were going to complete it, and we anticipate completing it along the timetable which was put in the term sheet at our request because we want it completed as expeditiously as possible.

So I have a high degree of confidence and I recommended to Mr. Trump that we do this and so I believe Mr. Bollenbach and Mr. Freeman did because we believe that we have reached an agreement with the Bondholders Steering Committee and that’s what this term sheet illustrates and we worked long and hard to do that and obviously we made a decision that we should do this rather than an interim fix.

Q So what you are saying is that completing or attempting to complete the exchange offer and then taking a bit more time to work out the more longer
term arrangement was not a feasible combination of events?

A The bondholders themselves said to us when we finally sat down, because that was one of the avenues obviously we could have followed, let's fix this and we had meetings with the Putnam representatives who I think hold about 20 percent of the bonds here and they wanted a long-term fix. They would rather see a long-term fix for the property than an exchange offering which was a year-to-year thing and after looking at it and discussing it, Mr. Wagner and Mr. Freeman and me went up to Boston, I guess it was in May, and met with the Putnam representatives and that's--that was our feeling that they felt that a longer term fix is really what we should do here when we were discussing the exchange offering.

Q When did individuals on behalf of Castle actually become involved in negotiating that? The Steering Committee was formed and they had their own discussions, when did they come to you and/or to representatives of the Castle?

A I don't have it tied down, but I would say we came to a final sometime in the first or second week of May. After our meeting in Boston I think it came to fruition when it was obvious to us that we
were able to get a more reasonable arrangement with
the attorneys for the bondholders and their committee
and their advisors and that's when we decided to move
ahead to see if there was something to discuss.

Q  What is, if you can tell me, contemplated
with regard to the management fee for Mr. Trump under
that agreement? Is that a fee in consideration for
services if he would render comparable to what you
have at the Taj?

A  I listened to Mr. Foss. I don't think
it's going to be that complicated. I think it is a
straight management fee of $1,500,000 and it's a fee
to be paid to Mr. Trump. We have not defined it any
further than that at this point.

Q  You don't anticipate that being a problem
working out the details?

A  We don't. It's something they agreed to
and there was not much difficulty in reaching that
number or having them agree to that type of fee.

Q  When you were here in April there was some
discussion and testimony about FMR and the Plaza in
1992 and I think your perspective was that you felt
secure with regard to working that out for 1991 which
clearly has been done, but I think you indicated some
concerns about 1992 that proceeding with a second deal
Ribis - By Vice Chair Armstrong

comparable to what you have just done to be very
expensive. Has there been any further thought or
consideration given to what's going to happen in 1992?

A Sure, there has been further discussion.
I have had many, many discussions with Mr. Harmatz. I
went up to Boston once to meet with him.

CHAIRMAN PERSKIE: This is with

Fidelity?

A Fidelity, yes. He is head of the two
funds we deal with. We have other plans. I have been
dealing with Mr. DeSanctis with regard to that payment
and obviously the completion of these hearings,
successful completion of these hearings is a priority
and I can assure the Commission that I don't have any
level of concern that I will have a problem with the
'92 payment and I view the FMR '92 arrangement to be a
backup to other things that I could do with the
property and we went through a period of transition
with Mr. Etess' death, the property for a year
and-a-half didn't have a firm hold on the management
and now we have that and so that going forward I am
confident that '92 is not going to be--we are planning
a year ahead of time so that gives you a lot of time.

CHAIRMAN PERSKIE: If I may, let me
interrupt for a second on that point. If I understand
Ribis - By Vice Chair Armstrong

that agreement correctly, you don’t—it’s not quite your call.

THE WITNESS: That’s right.

CHAIRMAN PERSKIE: You don’t have the
ability on your own to determine that that’s how the
payment is going to be made. It’s entirely their
option but if they exercise it, it’s exercised on
those terms, that is essentially it?

THE WITNESS: That’s correct.

CHAIRMAN PERSKIE: So really--

THE WITNESS: It’s not a put or a
call, it’s a hybrid and I didn’t want them--

CHAIRMAN PERSKIE: My point is who
has something as a result of that? I don’t see that
anybody does.

THE WITNESS: We both do. As I see
it that if the property is doing well we won’t need it
and I don’t want to have to be forced to do it and
that’s why it ended up to be a hybrid.

CHAIRMAN PERSKIE: But the point is
you can’t be forced to do it anyway. Oh, I see it, if
they call it you can.

THE WITNESS: Yes.

CHAIRMAN PERSKIE: If you don’t
otherwise make the payment they can require this
transaction on those terms?

THE WITNESS: And I can assure you they will.

VICE CHAIR ARMSTRONG: I don't have any other questions at this point.

CHAIRMAN PERSKIE: Anybody else have any questions?

Mr. Ribis, I am sure we will probably have some questions after everybody else gets done, but let me just for the moment ask a couple of other things.

EXAMINATION

BY CHAIRMAN PERSKIE:

Q I think you had mentioned, it might have been Mr. Bollenbach, I'm not sure, if you feel more comfortable having him answer I will deal with it with him, but on the credit lines at the Taj ahead of the bonds, the total amount on that is 75 or 100?

A It's 100, but he will explain it to you. I would appreciate it if you would deal with him on that one, Mr. Chairman.

Q The votes we will get a little later.

Who, is it you or he that talked to me about the status of the subcontractors at the Taj?

A I can address that.
Ribis - By Chairman Perskie

Q What's the status there?

A The status is that we on confirmation have to present them with 20 million dollars face of bonds which we will do.

Q And that doesn't--that's not triggered until confirmation?

A That's correct.

Q The Regency, beyond the real estate taxes that were due May 1, what's the status of any other obligations that the Plaza has with respect to the Regency lease?

A With Manufacturers Hanover we had entered into as part of the overall transaction last year a lease arrangement. The lease payments pursuant to that agreement as you know have not been paid currently and we have negotiated a revised arrangement which is part of the term sheet which you have in front of you.

Q And pursuant to this, that term sheet, the Plaza will be responsible for the ongoing operating costs of the Regency?

A Until sold, yes, that is correct.

Q Including the real estate tax?

A We haven't--that's one of the areas we haven't discussed. That's an open issue. We have not
Ribis - By Chairman Perskie

finalized that. If we have to be responsible we will be, but that is an open issue as well as the final--when the final agreements are done, we have not finalized that.

Q It's expressly contemplated by you and by the bank that the Regency will be sold?
A Yes.

Q No particular timetable?
A As soon as possible.

Q Pending which it's at least possible from your point of view the real estate taxes accumulate unpaid?
A They won't accumulate unpaid. It will be resolved over the next short period of time as we do the documents.

CHAIRMAN PERSKIE: All right, as I have indicated, I hope you will keep yourself available.

Mr. Auriemma, do you have any other questions?

MR. AURIEMMA: No, not at this time.

CHAIRMAN PERSKIE: Thank you.

MR. FUSCO: The licensees will call Stephen Bollenbach.

CHAIRMAN PERSKIE: The guy that has
been writing all the letters.

MR. FUSCO: Yes.

STEPHEN F. BOLLENBACH, having been first duly sworn, testified as follows:

DIRECT EXAMINATION

BY MR. FUSCO:

MR. FUSCO: Mr. Bollenbach's testimony will relate to A-54, Mr. Chairman, and members of the Commission.

CHAIRMAN PERSKIE: Mr. Fusco, please be sure in the discussions of this document that you ask Mr. Bollenbach to address his attention to the handwritten interlineation on the MidLantic execution of A-54.

BY MR. FUSCO:

Q Mr. Bollenbach, you have testified in these proceedings during April and now we are back and A-54 has been marked into evidence in these proceedings. Could you describe to the Commissioners its content and where we are with this document?

A Yes. This document represents the work that we have done over the last several months with the various banks that have made loans to--have loans outstanding to Donald Trump and it's the successful conclusion of agreements with the banks which are
Bollenbach - Direct by Fusco

exactly in economic terms what we have been working on
the whole time and results in Donald Trump’s financial
stability.

CHAIRMAN PERSKIE: Are all of the
banks that were involved with The Trump Organization
and/or involved in the original Credit and Override
Agreement encompassed in A-54?

THE WITNESS: Yes, they are.

CHAIRMAN PERSKIE: There was a
reference at some point I saw somewhere to Chase
Manhattan. They are not in here.

THE WITNESS: Yes, they are. Chase
is signature to--

CHAIRMAN PERSKIE: They are not the
one then I am thinking of.

THE WITNESS: To the all encompassing
letter as well as to their individual term sheet.

CHAIRMAN PERSKIE: Hold on a minute
then. It was--hold up just a minute. The reference I
think it was in one of our Division of Financial
Evaluation reports and I can’t find it. Why don’t you
proceed and I will attempt to find the one I was
looking for. Go ahead, Mr. Fusco.

BY MR. FUSCO:

Q Mr. Bollenbach, you were describing what
A-54 has accomplished.

Well, I think what it’s accomplished is to assure that Donald Trump is financially stable. It encompasses agreements that reduce his personal obligations on these various loans to a very manageable amount and set a time frame even with those manageable amounts as to when they could be called and basically pushes any calls out for a period of five years. It represents agreements each of the individual banks as to how their individual loans will be dealt with. It represents an agreement as to how the funds that were advanced to Trump last summer, the so-called new money, how that will be dealt with. Basically it is an agreement among all his banks to reduce their claims on Trump, provide for the sale of certain assets, but not very many assets, but certain of the assets and I think assures us all that Trump is financially stable.

MR. FUSCO: I also make reference to exhibit A-57, Mr. Chairman.

BY MR. FUSCO:

Q A-54, of course, is the executed term sheet, Mr. Bollenbach. A-57 is an exhibit also in these proceedings. Could you comment for the Commissioners?
A - 57 is a letter from Tom Cherubino who you know has testified before this Commission before and is a partner at Willkie, Farr & Gallagher who works with us on documenting the various agreements we have with the banks in this. In this letter Mr. Cherubino says that he believes that we will be able to close the final agreements with the banks within 90 days. By the way, I endorse that. I think that these banks have worked with us long and hard and they are as anxious as we are now to finish the technical part of this transaction, the documentation of our agreements and get that behind us.

Q Mr. Bollenbach, the Chairman made inquiry regarding the signature of MidLantic National Bank to A-54.

A Right. Let me find that.

CHAIRMAN PERSKIE: The pages aren't numbered.

A Their term sheet is signed by Ben Berzin, the senior VP of the bank, which we have worked closely with on this transaction. At MidLantic we have also worked with Bill McCoy, who is Ben's boss, and also at times with the Chairman of the bank, Gary Shearing. This letter is signed by Ben on behalf of the bank and he makes a note provided however the
schedule one is incorrect as it relates to MidLantic. What he is referring to is schedule one at the headings on the top of the sheets there is a column that says released and Ben’s comment is to be sure that we recognize that this document does not release the 49 million dollars personal obligation of Trump, but that will be released in another document which will encompass the things that are necessary to do in order to sell the Penthouse site and that will be the document that will release Trump.

CHAIRMAN PERSKIE: Can we get a letter to that effect from the bank?

THE WITNESS: I hope that we could fairly quickly provide you with the documentation that completes the Penthouse. Certainly before 90 days.

CHAIRMAN PERSKIE: Okay, but the point is with respect to the extent to which he asserts that his signature doesn’t bind him to schedule one, in that it is incorrect, if what he means by that is what you say he means, that’s fine, but he ought to be able to provide you and you us with that elaboration on the amendment to his signature which explains what he means by schedule one being— if all he means is the release of the 49 is not effected by this schedule, but rather by that transaction
consistent with the terms of the term sheet, that's something frankly I think we would have understood anyway.

THE WITNESS: Well, he has told me that. Let me simply ask him if he will write a letter and direct it to you.

CHAIRMAN PERSKIE: Direct it to you and you get it to us.

THE WITNESS: Okay, I will ask him that.

BY MR. FUSCO:

Q Mr. Bollenbach, at the end of the period when this transaction is documented and closed, do you have an opinion as to the financial stability of Mr. Trump as a qualifier to the three casino licenses through the period of May 1993?

A Well, I think it's absolutely clear that Trump is qualified and financially stable. This collection of documents makes Trump one of the most qualified of any operator I think in Atlantic City in terms of financial stability.

MR. FUSCO: Mr. Chairman, I know there will be other questions at this point. They are the questions I have for Mr. Bollenbach on direct.

CHAIRMAN PERSKIE: All right. Mr.
Bollenbach - Cross by Auriemma

Auriemma.

CROSS-EXAMINATION

BY MR. AURIEMMA:

CHAIRMAN PERSKIE: By the way, just while you are coming up, I meant to indicate yesterday in the exhibit C-13 which is the Division's financial—excuse me, the Commission's Division of Financial Evaluation report there is a typo on page two. It refers to an 18.1 million dollar cash balance, July 1, 1991. It should more accurately refer to July 1, 1990 I think.

BY MR. AURIEMMA:

Q Mr. Bollenbach, with respect to these term sheets, the one bank that was part of the Credit and Override process that's not here is Marine Midland Bank; is that correct?

A That's right, and the reason they are not is their only involvement was in relationship to a property in Palm Beach and we had some time ago reached an agreement with them and transferred that property in exchange for release. So they are no longer a party to the Trump group of banks.

Q With respect to that there was a restructuring agreement in toto that was introduced as A-34?
Bollenbach - Cross by Auriemma

A     Yes.
Q     Now, in understanding what is exactly
happening here, with respect to the new money facility
from last summer, the 65 million dollars, what as of
today is the approximate balance left on that line?
A     My recollection is that it's approximately
45 million dollars.
Q     Left--
A     Has been drawn.
Q     Has been drawn so there is approximately
20 million dollars left to be drawn?
A     There was a reduction in that amount when
we sold a 727 jet plane and we reduced that amount my
recollection is by six million dollars. So that
differential is available today under that line,
although we anticipate cancelling that line as a part
of this transaction.
Q     Right. When you were here in April it was
anticipated by your testimony that there would be
additional draws upon that line at that point?
A     That's right, and we do have that
feature. We have changed the format slightly in that
instead of drawing cash the banks have agreed to
release collateral.
Q     So in essence--
Bollenbach - Cross by Auriemma

A Which is really the same thing.
Q So in essence there would be no further
draws on that particular line?
A We don't anticipate anymore draws because
they will release collateral to us.
Q The cash then that will come into Mr.
Trump and the organization for use throughout the
organization then depends upon the sale of certain
condominiums in Trump Tower?
A Well, that's the source that we have
targeted.
Q Well--
A That's our budgeted source.
Q Is it fair to say that in August, October
and December of 1991 it's anticipated from that source
that two million dollars in each of those months will
come into the organization for use--
A Yes. That is our budget.
Q And at present are there any contracts for
sale of any of those condos?
A There has been a lot of discussion with
qualified buyers and it's my belief that a contract
could be entered into immediately if we wanted to on
one or more of those units, but I think we will
probably continue to work on that and be sure we are
getting the best price possible for the apartments.

Q Is it also possible that any of those units could be mortgaged by Mr. Trump?

A Yes, that would be.

CHAIRMAN PERSKIE: They are not now pledged to anything?

THE WITNESS: No. They will be released from— they are currently held by the banks under their new money facility and in lieu of advancing us funds against those units they basically release the units to us so if we wanted we could borrow from someone else.

CHAIRMAN PERSKIE: How many units are involved?

THE WITNESS: My recollection is there is I think it's 10, 10 units, 10 apartments.

CHAIRMAN PERSKIE: Those apartments that are anticipated to generate the 18 million dollars of which The Trump Organization gets to keep 55 percent or 10 million?

THE WITNESS: 10 million, right, exactly.

CHAIRMAN PERSKIE: So they will have to average $1,800,000 a unit?

THE WITNESS: Yes, they are easily
salable at that. These are units in Trump Tower and
the real estate market, as we all know, is not the
best that it's ever been in New York, but the top of
the market sells, still sells very well in New York.

CHAIRMAN PERSKIE: All the units are
the same or do they vary?

THE WITNESS: They vary.

CHAIRMAN PERSKIE: What's the
smallest?

THE WITNESS: The size, I'm sorry, I
just don't know the answer to that.

BY MR. AURIEMMA:

Q In April you and I had a discussion about
the cash position of Trump Organization at that point
and it was somewhere between 1.6 and 1.8 million
dollars and essentially it's pretty much the same as
we speak today?

A I think that part of it is the same, but I
think that one of the things that we didn't focus on
very well is that you are looking at a very tiny part
of the Trump enterprise and you are looking at that
tiny part and you are saying that there is a small
amount of money in this tiny part of the
organization. Now, that is correct in that small part
of the organization we keep small cash reserves and so
Bollenbach - Cross by Auriemma

your number is correct as to that small part of the total enterprise.

Q And, of course, we know that Taj Mahal has 30 million dollars plus house funds that Mr. Ribis testified to and also Trump Castle has those fund, is that what you are referring to as well?

A And the Plaza Hotel in New York has funds in it and the Trump Shuttle has funds in it and there is money either in or available to Trump Palace and if you went through each of the operating businesses they all have their funds available to them, sometimes in excess of what they need for operations, sometimes dedicated to future operations.

Q The other thing we focused on in April was the fact that Mr. Trump's ex-wife was living in a triplex I guess it's called which your testimony at that point was that it's worth a lot of money and was unencumbered?

A That's correct and still correct.

Q And that divorce settlement requires a four million dollar payment to her upon her giving notice that she intends to quit that facility; is that accurate?

A That's my recollection of the divorce agreement.
Q   And there is a period of time to pay that, right?
A   Right.
Q   As far as you know there has been no notice by Mr. Trump’s ex-wife that she will, in fact, quit the premises and that a four million payment is due?
A   I know that there has been no such notice.
Q   The Credit and Override Agreement from last summer, is it a fair statement to say that they essentially stay in place subject to modification?
A   Well, I think that’s a— that’s not a complete statement because I think one needs to understand the modifications will be quite dramatic and while the skeleton of some of those agreements stay in place, they basically stay in place because they provide benefits for Trump and the parts of the agreement that don’t provide benefit will go away when we finish these papers.
Q   The one thing that stays in place for sure is that the pledge of Mr. Trump’s equity in the three casino hotels will stay in place?
A   That is one thing that stays in place.
Q   Is it also fair to say that—
A   Another thing that stays in place is it
Bollenbach - Cross by Auriemma

defers any obligation on Trump to make payments on
certain loans for many years into the future.

CHAIRMAN PERSKIE: What does that
mean? Does that mean that the equity pledge of his
interest in all three casinos securing these
obligations can't be called for five years?

THE WITNESS: Basically that's what
it means.

CHAIRMAN PERSKIE: It's the word
basically--

A That's what it means. That's what it
means.

Q There are other allocations of loans that
can be made as well if I understand it correctly. For
example, the piece of property owned by Seashore Four
Associates--

A Right.

Q --that is something new to the system?

A No. It's not new to the system. What we
did in working out the new money facility is that in
some cases some of the banks felt more comfortable in
moving their position closer to an asset that they
understood and in all cases had some other
involvement. So in the case of Seashore Four, First
Fidelity--
Bollenbach - Cross by Auriemma

Q  Seashore Four is--owns property--a Trump
owned facility or entity which owns land under the
Trump Plaza?

A  That's exactly right, and First Fidelity
felt more comfortable in moving I'm going to use the
word moving closer to all of the banks that had a lien
on that property and basically the banks allowed First
Fidelity to have a superior position to them as to
that property in exchange for which First Fidelity
released Trump of personal obligation.

Q  And there were others as well?

A  Yes, there were others. Nat West changed
in similar manner as did Manufacturers Hanover.

Q  Tell me, with respect to that allocation,
is that allocation something that is at the discretion
of the bank or is that at the discretion of Mr. Trump?

A  The discretion in what--

Q  To allocate those particular loans to
particular pieces of collateral?

A  Well, it is done now. So it's an agreed
allocation now--

Q  So there is no discretion then?

A  There is no discretion. We have agreed to
that.

Q  Previously with respect to Trump Castle,
Bollenbach - Cross by Auriemma

there was a concept that an entity that is Trump owned
called Don Van, which was formerly the helicopter
services entity, purchased Castle bonds. That I
assume is not going to occur?

A No. We still have that agreement in place
with CIT and that may indeed occur in the future.

CHAIRMAN PERSKIE: Sorry, that's
Castle bonds?

MR. AURIEMMA: Castle bonds, right.

BY MR. AURIEMMA:

Q Don Van, let me go over it a little bit
more, Don Van has currently approximately 10 million
dollars in the account from the sale of various
helicopters?

A Right.

Q And the contemplation was, at least in
April, was that Don Van may purchase Castle bonds?

A That's right.

Q And--

A And, in fact, it did purchase some Castle
bonds.

Q And ultimately would use funds from those
bonds to pay off obligations to the CIT group?

A I think what we are doing, Mr. Auriemma,
is we were substituting those bonds for the existing
Bollenbach - Cross by Auriemma

collateral that CIT has which is liens on helicopters.

Q There is no recourse by CIT to Mr. Trump personally, is there?

A There is. It's to the extent they have a loss they have I believe a 14 million dollar guarantee from Trump which would come due in about four years.

Q Referring to A-54 which is your term sheet agreements and schedule one which is part of that, is that CIT guarantee anywhere on that document?

A No, it's not.

Q Other than this 14 million dollar personal guarantee and the personal guarantees that are on schedule one, which I will go over in a minute, are there any other personal guarantees of Mr. Trump?

A No, there are none others--none other.

Q Let's--do you have that schedule one in front of you?

A Yes, I do.

Q Again, that's part of A-54, correct?

A Yes.

Q In general terms, is it fair to say that ultimately there is a deficiency pool created of 115 million dollars to certain banks?

A I think it would be correct to say there will be continuing guarantees for various banks of 115
Bollenbach - Cross by Auriemma

million dollars which will continue to guarantee
certain loans that they have outstanding.

Q    And some of those deficiencies put a cap
on the amount of money that Mr. Trump would be liable
for?

A    They all do.

Q    They all do. So for, let's just take
one--

A    Not only a cap in term of dollars, but
also a cap in terms of time in that even if those
dollars were ultimately required to be paid, they
would not be paid for a period of five years and there
would be no interest on those. So even though that
schedule totals to 115 million dollars, even if it was
all to be paid, we recognize it wouldn't be paid for
five years and since there is no interest on it, I
think we would all say that the current value of the
obligation that Trump has is significantly less than
115 million dollars.

Q    Let's focus for a minute on the bank
number two there which is Citibank. Under that column
Plaza junior I presume, right?

A    Yes.

Q    And ultimately on your category equity,
liens, mortgages there is a figure of approximately
133 million dollars?

A    That’s right.

Q    Is Mr. Trump personally liable for that loan with respect to the Plaza Hotel in New York?

A    Yes, he is.

Q    And he remains liable on that?

A    Yes, he does.

Q    Let’s go down to the Chase Bank.

CHAIRMAN PERSKIE: Sorry, I need to understand that a little better than I do. That 133 figure is under the vertical column equity, liens or mortgages not under contingent liability.

THE WITNESS: That’s right.

CHAIRMAN PERSKIE: So the 115 of contingent liability is over and above certain other claims such as that one primarily for which he remains personally liable?

THE WITNESS: That’s the largest one and the primary distinction in my mind is that that is a loan, that 133 million is easily, easily covered by the value of the asset and indeed the banks have said to us that if we would return or if we would sell that asset to them for the amount of that loan they would be happy to release Trump from his guarantee. The fact is we don’t want to sell the Plaza Hotel for what
Bollenbach - Cross by Auriemma

is a small, relatively small amount of— it's not a
price that is acceptable to the Plaza, but we could
sell them the Plaza. They would release Trump from
that obligation.

CHAIRMAN PERSKIE: Of the 212 million
that's in that column altogether, under equity, liens
or mortgages--

THE WITNESS: Yes.

CHAIRMAN PERSKIE: -- how much of that
212 is he personally on?

THE WITNESS: All of that.

CHAIRMAN PERSKIE: And the other 12
million that is below that line, three loans I guess
NatWest, Manufacturers and First Fidelity, he will
remain personally obligated on those as well?

THE WITNESS: No. Those he would not
remain personally obligated on.

CHAIRMAN PERSKIE: And in the next
column, 115 is the contingent liability you have
spoken of?

THE WITNESS: Right.

CHAIRMAN PERSKIE: Now under that
there is another 22 million.

THE WITNESS: Which he would remain
obligated.
Bollenbach - Cross by Auriemma

CHAIRMAN PERSKIE: Will.

THE WITNESS: Yes.

CHAIRMAN PERSKIE: On the same contingent term that is the five year restriction on enforcement.

THE WITNESS: Yes. There is a difference that is not apparent from this schedule is that those loans below 115 million dollar will accrue interest.

CHAIRMAN PERSKIE: Okay, so that actually his contingent liability is 100--almost 148?

THE WITNESS: Yes, sir.

CHAIRMAN PERSKIE: Plus the 212 that he is on anyway that are secured by assets other than his signature as well.

THE WITNESS: Yes, sir.

MR. AURIEMMA: You covered it perfectly.

BY MR. AURIEMMA:

Q Let me just ask a couple other questions then.

Just give us an update on the Boston Safe transaction with respect to the Trump Princess.

A We have signed the documents, made arrangements to sell the yacht to the bank in exchange
for relief of all of the debt and other obligations of
Trump. I believe the only thing that is holding up
the closing is one of the banks has lost their
mortgage. We suggested maybe we didn't have to pay
them, but they would rather search their vaults and
files to find the mortgage. That's what is holding it
up.

CHAIRMAN PERSKIE: It's not recorded
anywhere?

THE WITNESS: We have thought of
always asking to see our notes and mortgages when they
demand these payments. Bankers Trust has been unable
to locate the mortgage.

CHAIRMAN PERSKIE: There is a
malpractice insurer someplace who has just checked
into a hospital.

MR. AURIEMMA: I have nothing
further, Mr. Chairman, of Mr. Bollenbach.

EXAMINATION

BY CHAIRMAN PERSKIE:

Q Mr. Bollenbach, let me ask first, I don't
know if you were in the room when Mr. Ribis fobbed
this one off on you, but I want to ask about the
hundred million dollars at the Taj.

A Yes.
Q  The senior credit lines that are contemplated. When you were last here you indicated that for the business terms you testified to those were going to be easy loans to achieve and that it was in the interest of the organization not to achieve them until it had to. Is that still your position?

A  Absolutely.

Q  Have there been substantive discussions with any banks with respect to those lines?

A  Yes, there have. We have had substantive discussions, detailed and substantial discussions primarily with Bankers Trust including the chief credit officer of the bank. They have given us the outline of the term sheet, but in order to--well, let me say that better. It's not an outline of a term sheet. It is a detailed term sheet that outlines the loans that they be prepared to give the pricing--

Q  Forgetting the pricing for the moment, describe the contours of the proposed agreement understanding that nobody has signed anything yet.

A  It would be a first mortgage on the property for 100 million dollars total credit, part of which would be--all of which would be available to be drawn and repaid on a revolving basis.

Q  What would be the term of the loan?
A. I have forgotten. It’s shorter than the bonds. I’m going to say five years and if it’s any different than that I will let you know.

Q. And the obligations, the current obligations will be just interest or would there be an amortization schedule?

A. There would be no amortization schedule.

Q. So it’s essentially interest only as you draw down the money for a term of maybe five years?

A. Yes, and the ability to draw money, repay it, draw it again, a standard revolving credit facility with--

Q. At this point I assume you have not thought through or don’t have any particularly focused strategy on where ultimately the 100 million gets placed in terms of refinancing?

A. Well, actually I wouldn’t expect that money would ever be drawn. The use of those funds are to be used in the event the Taj does not earn enough interest, does not earn enough to pay its interest on the restructured bonds. My opinion is that we will always earn enough to pay that. So this is an emergency facility, stand-by facility.

Q. Is that drawable only for interest for the bonds or is it drawable for any deficiencies in
operating costs? Suppose you get hit with a
progressive, for example?

A Half of it is to be used to pay for
interest on the bonds, the other half be used for
things like being--

Q Working capital?

A It's working capital, right.

Q In your discussions with the several banks
attendant to A-54, has it been made clear as far as
you are concerned that any credit or resource that is
contemplated there with respect to the equity interest
in the casinos would be subject in any case to
appropriate applications and approval by the
Commission?

A They are all aware of that, but there is
really no change in the current liens. These are all
liens that are currently in place and all we are doing
is moving banks, reallocating who goes where. There
would be no new lien.

Q That leads me to my next subject really.

It's the same subject in a different way. The subject
generically is cross-collateralization and what I am
interested in focusing on is the extent to which any
potential default in any of these loans may as far as
the organization is concerned or as far as the banks
are concerned constitute a basis to move against any one or more of the equities in the casino. Let’s talk about that for a few minutes. As you understand it, to what extent, if at all, is there any cross-collateralization on this equity?

A I think in some cases there are primary liens against the equity. Now, I don’t know if we are referring to that as a cross-collateralization, but there are certain banks that have an equity—have a charge on Trump’s equity and in the event that they were not paid could move directly against that equity. First Fidelity comes to mind.

Q Now, what loan is that, for example?

A That’s as to Trump’s equity on the Taj. They have a 78 million dollar charge.

Q Okay, and what else? Assume for the moment a default in that loan which causes them subject again to coming here first, causes them to move against his equity in the Taj, what as far as you are concerned would under those circumstances be the ramifications with respect to the Plaza or the Castle?

A I don’t believe that it would effect the Plaza or the Castle.

Q Same question essentially generically with respect to each of the loans, are there any loans that
Bollenbach - By Chairman Perskie

as far as you are concerned are so structured so that
in the event of a problem on any one they have
ramifications beyond the asset that secures them or
the five year deferred commitment that he has got
personally that would in effect ripple from one
property to the other?

A    It's absolutely clear in my mind that
nothing of that nature could happen for a period of
five years. After a period of five years--

Q    Well, arguably if after five years he is
called on any one of those obligations that he hasn't
made, presumably a case could be made that he doesn't
any longer as--as a required financial source or as a
required qualifier of financial stability, I
understand that part.

A    Right.

Q    The question I am asking is whether for
the five year period any default or any failure in any
one of the obligations either in connection with any
one of the hotels or in connection with any asset
other than the hotels gives anybody the right to move
against any of the hotels or any other hotel?

A    I believe that there are certain rights to
do that which are subject, whose rights are subject to
waiver by one-third of the banks, and it's my belief
Bollenbach - By Chairman Perskie

that in any case there would be waiver so that there
was not a crossover effect if I can use that word.

Q  Okay, I hear you.

CHAIRMAN PERSKIE:  Mr. Fusco, I think
we will need some presentation very specifically on
that point. To the extent that this structure permits
any type of I use the term cross-collateralization
generically, it might not mean exactly that. What I
am getting at is does any default in any one of these
loans presumably attendant to any one hotel constitute
an active default— an act of default or an incident of
default with respect to any other and to the extent it
does, I would like to have that laid out very
specifically this afternoon if you can, otherwise
tomorrow.

BY CHAIRMAN PERSKIE:

Q  On the Chase question, it appears that I
had asked rhetorically a little while ago, Chase has
signed as I see it A-54, but there is no specific term
sheet with respect to them. Is that because—

A  No, there is one with respect to them.

Q  There is?

A  It's kind of a nil case because basically
we are not asking them to change any of those loans.

Q  Right, I see, no changes, no changes, see
Bollenbach - By Vice Chair Armstrong

June 1991 proposal letter.

Q Right, and in that letter they signed.

Q MidLantic we talked about.

You testified I think or somebody did about the zoning status of the Penn Yards the last time we were here. Are you familiar with that?

A Yes, I am.

Q Any change since our last hearing in that respect?

A Donald Trump continues to work on that personally and spends probably as much time on that as any other thing, any other business activity that he is involved in and it's moving forward.

CHAIRMAN PERSKIE: That's all I have at this point.

Anybody else on the Commission have any questions for Mr. Bollenbach?

Vice Chair.

EXAMINATION

BY VICE CHAIR ARMSTRONG:

Q Mr. Bollenbach, I think it's pretty apparent that the proposed sales of the Trump Tower apartments is pretty significant to Mr. Trump's financial stability. I hear what you are saying that the apartments are very salable. Unfortunately, I
Bollenbach - By Vice Chair Armstrong

have heard that before before this Commission, not from you necessarily, but from other entities and have been asked to hang my decision on the fact that certain assets are salable. I want to ask you about the "what if." What if they are not sold on the proposed schedule, what are Mr. Trump's alternatives if those sales don't pan out?

A Commissioner Armstrong, I think that that's our budget to sell these unit, but I think it's not correct to focus on that as being a--an important part of Trump's financial stability. I think that what we have achieved with all these agreements is to basically relieve Trump from enormous obligations and we protected for him huge assets that we have talked about and testified here before about. So basically what you have is somebody with great wealth, great opportunities and we have laid out a budget that shows how he covers things like personal expenses, advice of lawyers, my salary, for example, and then we laid out--

CHAIRMAN PERSKIE: Is that an important part by the way?

THE WITNESS: No. It's so small that it would hardly trouble you.

A So we have laid out a source for those
things and we have said, well, the easy source to look
at is—he will sell these apartments because they
should be sold anyhow. It’s not sensible to have
vacant real estate in a market where you can sell
them. So we have targeted that as the source. But
truly that is not the only source and I don’t mean to
say that it won’t be the source because I think it
really will. It’s a real easy one and, as I said, I
think those units should be sold, but I don’t think
that that’s a critical issue in terms of Trump’s
financial stability.

Q I guess the bigger question is his
financial flexibility. I mean if things don’t go
according to what’s been submitted to us and if for
some reason he needs additional financial resources,
what kind of flexibility, financial flexibility does
he have?

A Well, that’s really what I am saying, I
think that you basically have a licensee with
tremendous wealth and with that comes financial
flexibility. I think that what we have really
demonstrated over these last months is that we were
able to work out problems at a time where Trump had
900 million dollars worth of personal guarantees, now
having reduced those to maybe 100 million dollars. He
Bollenbach - By Vice Chair Armstrong

certainly has flexibility, and I really don't think it's difficult to agree that Trump can come up with the money he needs to do things, as I said, to keep staff employed, personal staff employed, to maintain the things that are personal investments of his. So I don't think it's difficult. Alternatively, even if you didn't, I don't know that that would make Trump financially unstable.

CHAIRMAN PERSKIE: How long--

A Even if he didn't continue to make some of those personal expenses.

CHAIRMAN PERSKIE: How long have those apartments or have they been on the market for sale?

THE WITNESS: They really haven't been on the market since they have been collateral for these loans. I think the apartments were probably built four years ago, five years ago. I don't know how long ago, but sometime.

CHAIRMAN PERSKIE: But there was a period of time before they were collateralized or used for collateral that they were available for sale?

THE WITNESS: I really don't know.

CHAIRMAN PERSKIE: Anybody else at this point?
Bollenbach - By Vice Chair Armstrong

All right, thank you--Mr. Auriemma, anything further?

You may step down, Mr. Bollenbach.

We will take a 10 minute recess before we call your next witness.

(At which point a break was taken from 11:25 a.m. to 11:43 a.m.)

CHAIRMAN PERSKIE: I have had a reasonably unanimous request for a luncheon recess which the Commission being the fressers that we are inclined to grant. We will recess for lunch and reconvene at 1:30.

(At which time a lunch break was taken from 11:45 a.m. to 1:37 p.m.)

CHAIRMAN PERSKIE: Mr. Greenberg, are you ready?

MR. GREENBERG: Yes, sure, thank you.

CHAIRMAN PERSKIE: I wouldn't want to start without you.

We are getting coats for those that need them.

We will reconvene at this point, again, observing for the record that the full Commission is here.
Mr. Fusco, are you ready to proceed?

MR. FUSCO: Yes, Mr. Chairman.

We would recall Mr. Bollenbach to the stand.

REDIRECT EXAMINATION

BY MR. FUSCO:

Q Mr. Bollenbach, you will recall that there was a question by the Commission, Chairman, regarding what could happen by virtue of the cross-collateralization of the casino equity. Could you make a comment?

A Yes. I think what I had said is that the Override Agreement is changed in manners which relieve Trump of certain burdens, but the Override Agreement that was described last August to the Commission remains in place and so all of the things that Tom Cherubino testified to during those hearings as relates to collateral--

CHAIRMAN PERSKIE: Well, Mr. Bollenbach, the problem with that is that as I look around the room everybody was here last August except for me.

THE WITNESS: Ah-hah.

CHAIRMAN PERSKIE: So that doesn't help me very much.
Bollenbach - By Chairman Perskie

A There was about 150 pages of testimony that Cherubino gave at that time. He is not here right now.

EXAMINATION

BY CHAIRMAN PERSKIE:

Q What's your understanding of how that relates to the question that I asked?

A My understanding would be that there could be an event which failing waiver by one-third of the banks could allow the banks to go against the various Trump equities in the casinos.

Q Such as?

A Such as the Castle, equity in the Castle.

Q No, no, what kind of event?

A A default. There is a very complete process wherein the banks would have an opportunity to waive that default and if one-third of the banks agreed to that waiver then the default would be cured and there wouldn't be an ability to go against the crossed collateral.

Q But as I understand the thrust of the program that you have put together at A-54, it essentially particularizes the collateral of each of the several loans?

A That's right.
Bollenbach - By Chairman Perskie

Q. So that it identifies assets to loans with some degree of specificity?

A. Right.

Q. That being the case, what economic significance is left or why is it appropriate to afford a bank whose loans might not be in default the opportunity to object to a waiver that has nothing to do with them?

A. I think that the answer to that is they have that power now.

Q. I understand that.

A. And it's difficult to get them to give up a right they have.

Q. I understand that too, but you are all, you and we and everybody else remaking the world, if that was a necessary condition to agreement in August, as I understand it it was, because there was no particularizing of the collateral of the security behind the entire $65 million dollar line, and if now all of those loans are being particularized as to collateral, why should there be economic significance in the situation I have just described?

A. Well, one answer is that all of the loans aren't being particularized or changed. A good example is the junior mortgage on the Plaza Hotel in
Bollenbach - By Chairman Perskie

New York. They are not being asked to change anything and because of that their rights that they had when that agreement was put together last summer will still be in place and because their rights stay in place I don't think it's possible to get the other banks to give up their rights. I don't believe it's important to Trump in any regard. I just don't think it's possible to get them to eliminate that provision of an agreement that they currently have, and it's extra difficult because there is one bank group that's not being asked to do it at all. That is the Plaza New York, Plaza junior loans.

Q So that it would not be accurate then in any meaningful way to suggest that any one default in any of these loans could not trigger a collapse of the whole thing?

A Oh, I think it's accurate to say that there is a procedure in place which would assure that a single default would not result in a cross default.

Q Let's take the junior lien on the Plaza.

A A default in that, I believe that that default as it relates to the Override Agreement would be waived by one-third of the banks.

Q Why would it be waived by one-third of the banks?
Bollenbach - By Chairman Perskie

A If there were a default in that loan?
Q Or any other.
A I believe because, and a good example is on the Trump Shuttle where there have been defaults and they would be waived and the banks told us they have been waived because they don't see any necessity in working cross defaults in order to preserve that particular piece of collateral.
Q What you are saying then is that would be an asset specific determination that they would make on a case-by-case basis and they would have--
A That is true.
Q --and they would have the power to do that?
A They would have the power to do that, yes.
Q Even those banks who would not be involved, I mean arguably, for example, who has that junior lien on the Plaza, is that Chase?
A It's a syndicate of banks led by Chase.
Q Chase for the moment. Chase gets a default on that loan, are you telling me that one-third of the rest of the banks not including Chase can waive that default and Chase stands up and screams and says I don't want it waived, but I'm outvoted is that what you are telling me?
Bollenbach - By Chairman Perskie

A As it relates to the Override Agreement.

Q Yes.

A And cross defaults on the Override Agreement. Now, Chase could still work the default--excuse me--

Q Against the collateral on the Plaza, that I understand?

A That's right, that's right, but the other banks I believe would waive the defaults as it relates to the Override Agreement rather than let that work a default under that agreement.

Q And none of those--none of the remaining loans under that structure, the Credit and Override structure that is subject to that are loans that are directly secured by any of the casino assets?

A Yes, they are today and they would be in the future under the--

Q They are secured by a pledge against Donald Trump's equity?

A Yes, sir, that is correct.

Q But not against the casino assets themselves?

A That is correct.

Q And none of those loans is a loan--therefore, none of those loans could be--would
be defaulted by any default in any of the obligations
of one of the three hotels? In other words, a default
there would not trigger the defaults under the Credit
and Override; is that correct?
   A Default on the primary mortgages under
   the--
   Q Any of the obligations of any of the three
licensees would not necessarily trigger a default
under the Credit and Override if those obligations
were being met; is that correct?
   A That is correct.
   MR. FUSCO: Mr. Chairman--
   CHAIRMAN PERSKIE: I understand it or
   I think I do.
   MR. FUSCO: That was our goal, Mr.
   Chairman.
   CHAIRMAN PERSKIE: Do you have any
other questions you want to ask him?
   MR. FUSCO: I have nothing further.
   CHAIRMAN PERSKIE: Mr. Auriemma.

RE CROSS-EXAMINATION

BY MR. AURIEMMA:

MR. AURIEMMA: Mr. Chairman, you were
using the Plaza junior loan as an example, that's a
Citibank loan, not a Chase loan.
Bollenbach - Recross by Auriemma

CHAIRMAN PERSKIE: All right, thank you.

MR. AURIEMMA: To make it crystal clear.

BY MR. AURIEMMA:

Q Mr. Bollenbach, you were referring to the one-third waiver, you are referring to the procedure Mr. Cherubino described in detail last August when there was a balloting procedure to be effectuated among the override banks; is that correct?

A That's right.

Q And that balloting procedure is not a one bank one vote procedure?

A That's right.

Q It's based upon the aggregate amount of loans outstanding to Mr. Trump?

A That's right.

Q So those banks with larger amounts of loans like Citibank or Chase would have in a simplistic way more of a say than a bank with a lower amount of loans to Mr. Trump?

A That's correct.

Q Would--if there were a default in the Override Agreement, let me see if I understand it, would that in anyway trigger a default in either the
Bollenbach - By Commissioner Dodd

First Fidelity or MidLantic loans?
A Do you mean--
CHAIRMAN PERSKIE: Sorry, First Fidelity is where?

BY MR. AURIEMMA:
Q First Fidelity is the loan on the Taj and MidLantic is the loan on the Castle.
A No, it would not.

MR. AURIEMMA: That's it. Thank you.
CHAIRMAN PERSKIE: Anybody on the Commission have any questions for Mr. Bollenbach?

COMMISSIONER DODD: Just--
CHAIRMAN PERSKIE: Commissioner Dodd.

COMMISSIONER DODD: Just a follow-up.

EXAMINATION
BY COMMISSIONER DODD:
Q It would be safe to say that the banks and the voting on the one-third concept is not magnanimous, but based purely on their particular interest and the larger interest they have individually?
A Yes, that is correct.
Q In the way that they are going to vote so
it's their interest not to cause a default and so on?

A That is correct.

CHAIRMAN PERSKIE: All right, thank you--

MR. AURIEMMA: Can I ask one more question?

RE CROSS-EXAMINATION

BY MR. AURIEMMA:

Q Let me try a converse of a question I just asked. If there was a default on the First Fidelity loan on the Taj or the MidLantic loan at the Castle, would that trigger a default under the Override Agreement?

A Yes, that would.

Q And would that then trigger a ballotting procedure on the Override agreement?

A Yes, it would.

Q And that could be waived if one-third of the banks agreed to waive?

A Yes.

CHAIRMAN PERSKIE: I was all right until that question, Mr. Auriemma. Now I have to go back.

EXAMINATION

BY CHAIRMAN PERSKIE:
Q: I thought you told me the opposite, a problem on or a default in one of the obligations of the hotels, how does that trigger a default under the Credit and Override Agreement?

A: A default in one of those obligations is a default under the Override Agreement.

Q: Any one of them?

A: Yes.

Q: Didn’t you just tell me a couple minutes ago it would not be?

A: I don’t think so. I don’t think I told you that.

Q: So that, for example, a default at the Taj--

A: The Taj first mortgage you mean?

Q: Let me try it again. What kind of a default at any one of the hotels will trigger a default under the Credit and Override?

A: A default on the primary mortgages would trigger a default under the Override Agreement.

Q: And that’s all?

A: And under the Credit Agreement also, the new money facility also.

Q: But those are the only kinds of defaults that would constitute a default under the Credit and
Override as it would be preserved?

A    That's right.

Q    So that, therefore, if I understand it right, if a bond payment at the Taj isn't made, it takes down the Castle and the Plaza as well?

A    No. If a bond payment was not made at the Taj, it conceptually could trigger a default under the Credit and Override Agreement which if not waived would trigger acceleration of that agreement but it wouldn't have anything to do with what happened as to the bond payments of the Castle or the bond payment at the Plaza because there is no cross between those bonds and a default under the Credit and Override Agreement is not a default under the Castle bonds, for example.

Q    Or the Plaza?

A    Or the Plaza.

Q    And there are no specific loans under the Credit and Override Agreement that go to any one of the three properties?

A    Yes.

Q    Or that are secured by any one of the three properties?

A    That is correct.

Q    That has Trump equity in them?
Bollenbach - By Chairman Perskie

A That is correct.

CHAIRMAN PERSKIE: Okay. Anybody have anything further?

MR. FUSCO: Excuse me, Mr. Chairman. I have to go through something with Mr. Greenberg.

CHAIRMAN PERSKIE: I knew he would have something to say sooner or later.

MR. GREENBERG: Mr. Chairman, if I might.

CHAIRMAN PERSKIE: Hi.

MR. GREENBERG: The spirit has moved me. I accept your offer.

CHAIRMAN PERSKIE: I figured at some point along the way it more likely would.

MR. GREENBERG: Only briefly I rise if I might to offer into evidence PT, premarked PT-1 and 2, P for participant, T for Taj 1 and 2, and I believe I can ask, request that we are agreed at this table, can I make this a joint exhibit, Mr. Auriemma?

MR. AURIEMMA: I have no objection to it being admitted.

MR. GREENBERG: Thank you.

CHAIRMAN PERSKIE: Wait just one second, Mr. Greenberg.

MR. GREENBERG: I will wait until you
Bollenbach - By Chairman Perskie

read it.

CHAIRMAN PERSKIE: in reverse
chronological order I note.

MR. AURIEMMA: That's right.

CHAIRMAN PERSKIE: The first letter
in time is PT-2 which is a letter from Willkie, Farr
over Mr. Glenn's signature to Mr. Miller, counsel,
that's your associate counsel.

MR. GREENBERG: That's right.

CHAIRMAN PERSKIE: And that says
certain bondholders have submitted ballots. This is
to confirm that the debtors will not use any ballots
they receive in connection with the plan of
reorganization without your consent. All right, tell
me what that means.

MR. GREENBERG: Yes, I will.

CHAIRMAN PERSKIE: Who sent it, who
did it go to and what does it say?

MR. GREENBERG: And what does it
mean.

CHAIRMAN PERSKIE: Well, we will get
to that.

MR. GREENBERG: Both these documents
are aimed at accomplishing the same objective. One is
y they are both from Willkie, Farr on behalf of the
debtor which is The Trump Organization and one is to Mr. Icham as it's clear from his letter PT-1.

PT-2 is to our cocounsel, the attorney for the Bondholders Committee. Now, the reason for these letters, as I think you have heard yesterday from--in testimony yesterday from Wilbur Ross, normally when solicitations are sought in cases such as this, the bondholders wait until the last minute to vote. They normally do because they don't like surprises and they don't want to be surprised by things that they don't know might happen and no one can predict what will happen between the time of a vote and the time that the solicitation closes or in this case until the filing in bankruptcy occurs. So normally they don't vote. But in an effort to accommodate this proceeding and this Commission the solicitors, people in charge of the solicitation, as well as the Bondholders Committee itself of The Trump Organization, attempted to get people to vote early so that you would have and could reach a number with which you were comfortable.

The right incidentally to revoke one's vote in this instance is contained in the solicitation documents, the prospectus, and it says that a bondholder has the right to revoke the earlier
in the following two events, one July 15, 1991 and,
two, the filing of a reorganization plan in
bankruptcy.

Now, the bondholders did what, and
they are doing what we have asked them to do, but in
order to protect themselves and to protect their right
to revoke against surprises which may occur between
now and whenever, they have requested and have
received from The Trump Organization these documents,
1 and 2. They are basically identical except for the
fact one talks to Mr. Ichan, the other talks to the
bondholders that we represent.

CHAIRMAN PERSKIE: 1 also purports by
its terms to supersede 2.

MR. GREENBERG: No, supersedes
another document which I have here which I haven't
given you yet because I didn't want to confuse the
subject.

CHAIRMAN PERSKIE: So that the
reference in PT-1--

MR. GREENBERG: It was grammatically
incorrect.

CHAIRMAN PERSKIE: The reference in
the last line of PT-1 this letter supersedes our
letter dated June 17 does not refer to PT-2?
MR. GREENBERG: Correct, refers to, if you will, PT-3 which I didn't want to burden the record with because it doesn't exist anymore.

CHAIRMAN PERSKIE: Fine.

MR. GREENBERG: It is not one of the two documents you hold in your hand.

So what we sought to obtain was an agreement that the debtor could not use our ballots without our consent in the event something happens between now and then. In effect, all it does is preserve the rights that we would have had, that we do have under the solicitation document against something like, for example, an early filing in bankruptcy tomorrow, following something that happened tonight at 11:00 that I can't tell you about yet. The world as we know it came to end in some form, but 66 and two-thirds percent of the vote are in and you will never know whether you got 50 percent of the holders of the equity, we didn't count everything, but the bottom line is all this does is give us the right we had in the solicitation and, frankly, what this whole concept deals with is the protection of rights granted under the SEC to these bondholders which they have agreed to in effect push to one side, if you will, in an effort to accommodate this Commission by doing
something that they very rarely do which is to vote early. That's the purpose of the documents.

CHAIRMAN PERSKIE: Mr. Fusco, the representation is made I understand that Mr. Glenn in sending these letters was authorized to do so on behalf of the debtor?

MR. FUSCO: Yes, Mr. Chairman.

CHAIRMAN PERSKIE: The proposed debtor.

MR. FUSCO: Yes. Mr. Glenn is authorized to issue that letter.

CHAIRMAN PERSKIE: Mr. Auriemma, do you have any objection to receiving these documents in evidence?

MR. AURIEMMA: No, I do not.

CHAIRMAN PERSKIE: Mr. Fusco.

MR. FUSCO: I have no objection. We join. We would like it to be a joint exhibit, however you mark it.

CHAIRMAN PERSKIE: It's been marked PT-1 and 2 on the joint applications of Mr. Fusco and Mr. Greenberg. It will be received and marked into evidence.

(PT-1 through PT-2 were marked into evidence)
MR. GREENBERG: Thank you very much. That's all I have, Mr. Chairman.

CHAIRMAN PERSKIE: Okay.

MR. FUSCO: Mr. Chairman, we would also seek to have Mr. Molloy again address the Commission.

CHAIRMAN PERSKIE: With bated breath we are waiting.

MR. MOLLOY: I don't know if this is the fat lady or not, but I am here.

CHAIRMAN PERSKIE: The fat lady sooner or later is up here.

MR. MOLLOY: I am a poor substitute for that.

CHAIRMAN PERSKIE: Nothing personal to either of you.

COMMISSIONER DODD: I wasn't going to say anything.

CHAIRMAN PERSKIE: You should say nothing.

VICE CHAIR ARMSTRONG: True.

MR. MOLLOY: I don't join in that comment.

Brian Molloy, Wilentz, Goldman & Spitzer on behalf of the Ichan entities.
Mr. Chairman, over the last couple days there has been a lot of effort and I want to publicly say that I appreciate the cooperation I have had from Mr. Fusco, Mr. Ribis and The Trump Organization.

I am pleased to announce that the Ichlan votes are being cast or at this time have been cast for the prepackaged plan. I have a copy of a fax transmission of the ballot. It is mechanically received by the trustee or being received by the trustee. By the end of the day it will be an accomplished fact. We did agree to do it early at the Commission's request and sometimes those things take effort and I think people cooperated to do that.

CHAIRMAN PERSKIE: Well, I appreciate that and I want to receive, subject to anybody's input, the document, but I want to make it very clear the Commission didn't request anybody to do anything. The Commission simply indicated on any number of occasions that there were going to be certain requirements that would have to be met before the Commission acted, among which was a 67 percent approval in writing or confirmation of that in writing at some point. But I don't want Mr. Ichlan or anybody else to think that we asked him or anybody else to
take any action.

MR. MOLLOY: Well, Mr. Ichlan and the other bondholders acted in a fashion that would permit this Commission to act in a way that they would see fit. We didn’t want any barrier.

CHAIRMAN PERSKIE: With that statement I am somewhat more comfortable.

MR. MOLLOY: That’s really what I meant to say and if I stated it differently I correct it.

CHAIRMAN PERSKIE: All right. The document.

MR. MOLLOY: I have a fax which I would ask that I have a copy of, which are actually three separate executed ballots on behalf of the three entities.

CHAIRMAN PERSKIE: Three corporate entities.

MR. MOLLOY: Chelonian, Tortoise and Unicorn and if I could just arrange through your staff to have copies made before I leave they can be marked anyway that you would like.

CHAIRMAN PERSKIE: I should think they--I don’t know. I don’t care. John, how should they be marked.
MR. ZIMMERMAN: I still haven't figured out what PT is for.

COMMISSIONER DODD: I.

CHAIRMAN PERSKIE: I-1, 2 and 3.

MR. MOLLOY: I will give them over to your clerk.

MR. FUSCO: It doesn't matter, Mr. Chairman. We can mark them with an A.

CHAIRMAN PERSKIE: Whatever.

MR. MOLLOY: Thank you, Mr. Chairman. (I-1 through I-3 were marked into evidence)

CHAIRMAN PERSKIE: Thank you, Mr. Molloy.

Can I take a look at those please.

For the record I am exhibited faxes of three two page ballots, one evidencing the signature of Unicorn Associates Corporation by its president under today's date with respect to 21 million dollars of self-defiant old bonds voting to accept, a second by Tortoise Corporation again executed by its president under today's date voting to accept on behalf of $65,929 and Chelonian Corporation also executed today voting to accept on behalf of 70 million dollars which is a total of 157 million
dollars which is about what, 22 percent, something like that, 23.

MR. RIBIS: 22.2--23.2.

CHAIRMAN PERSKIE: And then we had 42 yesterday.

MR. FUSCO: 42.78.

CHAIRMAN PERSKIE: 64 and a fraction, so we are about two percent off.

MR. GREENBERG: 23.22, 42.78, the other million is in there, 66.

CHAIRMAN PERSKIE: We should have had presumably some updated information from the agent, shouldn't we?

MR. FUSCO: Yes, but we don't have it.

MR. GREENBERG: A million today as an earlier hour.

MR. FUSCO: As an earlier hour there was an another million dollars, Mr. Chairman. The folks who were counting for us were not in this morning so my sense--

CHAIRMAN PERSKIE: They took the day off?

MR. FUSCO: I don't think they took the day off, but I cannot say I have the current
amount.

CHAIRMAN PERSKIE: Get the
documentation in, Mr. Fusco, hopefully by the close of
business today with respect to whatever the number
will be needed to take us past 450 million dollars.
We had 288 and something yesterday, we have 157 today,
so you need about 15, 16 million dollars, right?

MR. FUSCO: Approximately, Mr.
Chairman.

CHAIRMAN PERSKIE: We are rounding
here.

MR. FUSCO: I am sure if I was in
Minneapolis I would count the numbers up and you would
have them, Mr. Chairman. I just don’t. We will have
it.

CHAIRMAN PERSKIE: Have some sort of
documentation in an appropriate fashion submitted. It
can be in the same form as we have in A-59, A-59A and
B.

MR. FUSCO: Yes.

CHAIRMAN PERSKIE: It would seem to
me just updated as of today.

MR. FUSCO: We will do it.

At this point, Mr. Chairman, the
licensees rest.
Closings by Mr. Auriemma

MR. AURIEMMA: We have no witnesses and we rest.

CHAIRMAN PERSKIE: Anybody on the Commission have any questions of anybody? Do you desire to proceed with closing arguments?

MR. AURIEMMA: I can proceed if that's the Commission's desire.

CHAIRMAN PERSKIE: I think so.

MR. AURIEMMA: Members of the Commission, I am going to commence my final remarks today by referring to something Commissioner Armstrong stated I believe on May 8 when she voted in favor of the Castle and Plaza license renewals. I believe she stated, and this may be a paraphrase, that June 17 was a real date. Ordinarily I would not be so presumptuous to try to interpret what a Commissioner would have meant by such a statement, but I am going to take a little liberty and attempt to impart to you what I think it means and impart to you the Division's feelings with respect to these proceedings and the proceedings that we have had for the past year with respect to The Trump Organization.

As we all know, we have been reviewing Trump financial affairs and matters since
Closings by Mr. Auriemma

June of 1990 and we focused on a large number of documents, we have poured over documents, we have heard various witnesses last August, December and earlier this year. We have tried to understand the intricacies of The Trump Organization and the problems that they have encountered and also we have tried to understand the implications of various agreements that have been reached at various times.

As is human nature, we all want closure to particular matters. We want some things to finally come to an end so that they are over and they are done with and we can all move onto other issues. In the Division’s view we are closer to that end with respect to the Trump financial difficulties that we are to the beginning of the process, but we are nowhere—we are by no means close to finishing it yet.

We still have a long road I believe ahead of us and even though today and yesterday were the days when these licensees and Mr. Trump had to establish the financial stability of those four entities, four components, if you will, I think we are at a stage where we can say a lot has been accomplished, but we are still not there yet. That may not be a totally satisfactory answer because it
Closings by Mr. Auriemma

doesn’t bring to a final conclusion what we all want
brought to a final conclusion.

The Division’s view on each of these
four entities is as follows:

With respect to the Taj we hoped that
a prepackaged bankruptcy would have been filed by June
17. It’s been a long time since we started the
proceedings on December 3, public proceedings on
December 3, but it’s obvious we are not in that stage
at this point. We could attempt perhaps to lay blame,
and I’m not sure where it lies, but in any event it
took a long time to get the registration statement,
disclosure statement approved by the Securities and
Exchange Commission so that the bondholders
solicitation could commence. In any event, we are now
into that formal solicitation process and I think we
can be reasonably confident that it will end by mid
July and I think from the testimony and the exhibits
and the representations that we have heard in this
particular proceeding I think we can be reasonably
assured, subject to some final numbers coming in from
Mr. Fusco, I think we can be reasonably assured that
the bondholders of the Taj Mahal will approve it and
that a prepackaged bankruptcy will be filed sometime
in mid toward the latter--mid or latter part of July.
Closings by Mr. Auriemma

Again, I think we recognize or should have recognized in December that even with the filing of a prepackaged bankruptcy whenever that was going to occur was not the end of the process and the process will continue beyond that date and it will continue until confirmation which by a rough estimate will probably be later this fall, and it's a process that is going to require further rulings of this Commission and further approvals of this Commission. Just as an example, we still have to approve certain rulings that we deferred from January 29, and there is also further investigations that are necessary with respect to new directors of the new corporate holding company that's coming into existence. We at the Division understand that and we are going to continue to do what is necessary to see this plan through to conclusion. I think what we said in January was--what the Division said in January still holds true today. We think this plan will work if confirmed and we think that it is the best road possible at this point in time and we should continue down that road although it's been certainly a lot slower than we expected.

Turning to the Plaza, that facility made its sinking fund and interest payments in a timely fashion. On behalf of the Division I have
Closings by Mr. Auriemma

harped a number of times about the cash position of
that facility once the interest payment and sinking
fund payments were made. We know now that there is a
little over two million dollars of cash. We know that
there is an interim credit line in place and hopes for
a larger credit line. We know, of course, that there
are also house funds. I think we further know that
there is some payments coming due, slct machine fees
to the Commission on July 1 and real estate taxes on
August 1 which have to be paid. I think we are in a
position to say that given the cash position and given
the credit line that the Plaza has put itself in a
position where it can operate adequately on a going
forward basis. We are still somewhat concerned about
jackpot liability because we do feel that there is
always this need to protect the public interest and to
ensure that any patron who wins a progressive jackpot
that there is sufficient funds available to make those
payments. In that regard we would request the
Commission to impose a condition which would require a
certain amount of funds, whether it be cash and/or a
credit line fund, to be expressly set aside for the
payment not necessarily of all jackpot liabilities,
but a sufficient number of jackpot liabilities.

Turning next to the Castle, the
Closings by Mr. Auriemma

Castle has had a difficult year. Last year at this
time the Castle was in the midst of a default that
would not be cured until June 26 with the infusion of
20 million dollars of funds from the credit banks.
The December interest payment to bondholders was only
narrowly made after an infusion of a small amount of
funds from an outside source. Yet on April 29 we were
told that a bond exchange would occur and that cash
flow would be sufficient so that the Castle would make
its sinking fund and interest payments on a timely
basis. Instead, negotiations with the Steering
Committee ensued and, as you know, resulted in
agreement which has been marked A-55-A in evidence.
We now presumably will embark upon an eight or 10
month or whatever process, if permitted by the
Commission, to see this plan come to fruition and I
believe that that would entail something akin to what
we have seen in the Taj, filings with the SEC, waiting
for the approval, bondholder solicitation and
ultimately a prepackaged bankruptcy filing. Sooner or
later there will probably be a number of legal rulings
and investigations that will be necessary in order to
bring that plan to a final conclusion.

If there is one criticism that could
be leveled perhaps, it is the following: I guess we
Closings by Mr. Auriemma

could all question why did everyone wait so long to
attempt to resolve the Castle situation when one could
have perhaps examined the situation earlier on and
determined that the Castle's problems could only have
been solved by a larger agreement with its
bondholders. But in short run it's clear to us that
Castle has sufficient funds to operate effectively.
We know their cash position. There are no credit
lines, but we believe that it can operate without any
untoward consequences. However, as with the Plaza we
would also request that there be some dedication of
funds with respect to jackpot liability.

Lastly, with respect to Mr. Trump
personally, a lot of progress has been made. I use
that phrase a lot. The term sheet agreements
obviously are not easy to obtain. They, of course,
are not the end either. A lot of drafting has to be
done to implement these term sheet agreements and I
assume if permitted to continue down this course we
will review those documents in the near future and it
seems to me that a timetable should be established by
the Commission for submission of those documents to
the Commission and to the Division.

Mr. Bollenbach expressed a number of
goals that had to be achieved or that he attempted to
Closings by Mr. Auriemma

achieve with respect to Mr. Trump. One goal was to relieve Mr. Trump of personal guarantees if at all possible. Well, we can see that there has been a substantial reduction in personal guarantees, but clearly there are also a large number of guarantees that remain. However, many of those are subject to a five year call, if you will, and that is undoubtedly a plus for the organization. It seems that there were definitely deficiencies in the Credit and Override Agreement that were entered into last summer. I have spoken to that previously--on previous occasions. Clearly the Credit and Override agreements as drafted did not work and they--that's why we are in the position we are today with amendments to those agreements. One might suggest that given the haste of last summer that the Credit and Override Agreements were not fully thought out or did not have time to analyze all of the nuances of it. Our hope is that whatever is resulting from A-54 will not result in us being here later this year or early next year with new term sheets and new agreements.

The cash position of The Trump Organization, of course, is always of a concern. We have monitored it and I know that the Commission staff and Commissioners have monitored it. We now know that
Closings by Mr. Auriemma

there will no longer be a credit line available from the new money facility to Mr. Trump or The Trump Organization, that future funds will be dependent upon asset sales or assets that can be mortgaged. This is not always the most desirable situation, but it is something which in this limited circumstance where wholesale assets are not contemplated to be sold we believe that it can work and we believe that there can be a sufficient amount of funds available to The Trump Organization during the remaining time left on the Taj license, which is until next April, and during the remaining time left on the Plaza and Castle license which is until May of 1993.

With that I have nothing further, but if the Commissioners have any questions of me or wish me to address any particular points I would be glad to do so.

CHAIRMAN PERSKIE: I want to clarify the last point. Did I understand you to say that in the overall context in which you have been describing it that the Division's conclusion is that as to The Trump Organization the complex of agreements assuming that A-54 is turned into all that it represents it will be, does vest the organization in the Division's view with the requisite financial stability?
Closings by Mr. Fusco

MR. AURIEMMA: Yes.

CHAIRMAN PERSKIE: Anybody else have any questions or comments?

Mr. Fusco.

MR. FUSCO: Mr. Chairman and members of the Commission, these proceedings concern financial stability and we are concerned with financial stability because that's one of the criteria set forth in the Casino Control Act. It's a criteria in the statute for two primary reasons. Financial stability in a casino licensee is important because the goal of the statute and the mandate of the Commission is to avoid untoward influences on casino licenses. There is another reason and that is so that the casinos can operate and properly service the public. Operating casino entities host and service vast numbers of patrons, conduct gaming under the most detailed internal controls, generate huge gaming revenues, employ in the instance before you today from three to 5,000 employees, transact business with thousands of vendors and are responsible for payments of millions of dollars in taxes and fees annually. That's the public interest in financial stability.

There is not a suggestion, there has not been testimony, there is not a report to suggest
Closings by Mr. Fusco

that integrity of these licensees or of Mr. Trump is at issue in these proceedings. As a matter of fact, prior findings have made it clear that it is not an issue in these proceedings. We are talking about the ability to avoid untoward influences and to meet the obligations in operating a casino that the statute envisions that the casino licensees will meet.

We take the Taj Mahal first. As it stands it has in excess of or an approximately 45 million dollars of cash, operating cash right now. There is no question that the Taj Mahal presently constituted will be able to service the public throughout the license period which runs through to April 1992. The reorganization plan that you have heard about and you have heard about it since November has been testified to today. It is precisely defined. It is reduced to a document which has been filed with the Securities and Exchange Commission. It has been declared effective. The solicitation is in process. We presently have, and the reality, the true reality is an 82 percent approval. The testimony of Mr. Ross indicates that his contact, which is regular, his ability to keep in touch with the bondholders, that is the way this man has made his living, this is what he does, he is in constant contact, he has
Closings by Mr. Fusco

reduced it to an exhibit, 82 percent. The ballots
have been testified to. The magic number is, we
submit, virtually achieved in a formal sense, but I
submit that that is the accounting and recording sense
of reaching the trustee. We submit that we have
clearly and convincingly established that there is
approval of this plan and that the Taj Mahal is stable
throughout the license period as required by the
statute.

Trump Plaza and Trump Castle, Trump
Plaza's cash position presently is approximately 12
million dollars, a number in that approximate area.
The bondholders have been paid which was the mandate
that we had from the Commission to be in that position
when we appeared before you during these proceedings,
we have accomplished that. I will not reiterate other
than to just simply mention management changes have
been put in place, management is in firm charge at the
Plaza. It's easy to look at newspaper articles. We
are not driving the top line, we are driving the
bottom line and Trump Plaza has performed well and
will continue to perform well throughout the license
period.

Trump Castle, present cash position
approximately 12 million dollars, more than adequate
Closings by Mr. Fusco

by any standard to operate properly a casino in
Atlantic City and operate that particular casino.

We are at the point where we have a
term sheet, A-55-A. The question is are the
bondholders going to approve A-55-A when it's reduced
to the same type of documentation that has been
presented to you in the Taj Mahal reorganization? I
can only say that you have experience now as does The
Trump Organization in the process. The promises and
representations that were made to you have come true
in Taj Mahal. Time is a difficult thing and it is not
wholly in the control of the licensee. It's not even
wholly in the control with the folks with whom you
negotiate the bondholders and others. It is affected
by many agencies, the Securities and Exchange
Commission being one of them. There are many reasons
why time becomes difficult to manage, but there has
been I think little question in the mind of the
Commissioners and I submit there is no evidence to
suggest otherwise. The evidence is contrary. There
has been nothing but good faith, hard work to try and
move each of these projects forward as have occurred.

The Taj Mahal, the Plaza and the
Castle we submit have been established by evidence as
financially stable through the license period.
Closings by Mr. Fusco

The statute requires that you look beyond that, you look beyond these operating entities and you look at Mr. Trump because he is the qualifier. But as a qualifier the standards that apply to him are different than the standards which apply to a casino licensee. It's the same word financial stability. The standard is different because a qualifier responsibility is different because a qualifier does not operate a casino and does not have those obligations to the public to maintain and service thousands and thousands of people, employees, vendors, fees, taxes. That is not the qualifier's responsibility. The reason we look at the financial stability of a qualifier is to assure oneself that the qualifier is not subject to untoward influences. That's the reason. I submit respectfully it's clear in the statute that that's the reason. Mr. Trump himself does not operate these three casinos and is not responsible for their day-to-day financial operation in the regard that a casino licensee is.

We have presented through witnesses exhibit A-54, the term sheet, and the term sheet simply stated evidences that agreement has been reached with the eight banks or the primary lender banks who essentially were before this Commission back
Closings by Mr. Fusco

in August of 1990. We have worked a functioning
workable transaction which is the solution. The
deferral and the moratorium for five years continues
to protect Mr. Trump and the assets from various
remedies. Those are in place. The personal liability
of Mr. Trump has been enormously reduced by this
transaction. Mr. Trump continues to have vast
wealth. His equity in the three casinos, his
ownership of the Plaza Hotel, his ownership at Trump
Tower, his ownership of the Penn Yards waterfront
development project in New York on the Hudson River
all put Mr. Trump in the position of having enormous
wealth. Certainly far more enormous than many, many,
many folks who have met the standard of financial
stability as a qualifier of a casino licensee through
the years that this Commission has been licensing and
qualifying individuals in that position. His cash
position is certainly worthy of your focus. But as
Mr. Bollenbach testified, the cash position on the
balance sheet that relates to operating The Trump
Organization is only one place where Mr. Trump has the
right to access cash. The Plaza in New York is an
operating entity and subject to approval of the
Commission. The three casino licensees are operating
entities which he owns. So that his wealth gives him
Closings by Mr. Greenberg

we submit financial stability during the two year period that is applicable to the Castle and the Plaza casino licenses.

On that basis we submit that we have presented evidence. The evidence essentially—the essence of the evidence we submit that was expected of us and that evidence demonstrates that Mr. Trump and the three casino licensees have the financial stability that is contemplated by the statute and required by the public policy of the state.

Mr. Chairman, that's all I have.

CHAIRMAN PERSKIE: Thank you.

Anybody have any questions of Mr. Fusco?

All right, Mr. Greenberg.

MR. GREENBERG: May I?

CHAIRMAN PERSKIE: You may.

MR. GREENBERG: Thank you, Mr. Chairman and members of the Commission.

I think it was in August, August 18, 1990 when the Vice Chair determined to reopen the events and facts, before the Vice Chair required the reopening of the financial stability issue hearings, if you will, and here we are 10 months later seeking a determination. A determination is being sought by the
Closings by Mr. Greenberg

applicant, debtor, if you will, by you on that issue
and nothing has changed with regard to those 10 months
with regard insofar as the definition of financial
stability is concerned. So I deal with it. I deal
with the issue perhaps in a slightly different way,
although I think, I know I agree with most of what Mr.
Fusco has just said with regard to his concept of the
meaning. It is obvious that from what has transpired
in the last couple of days that the bondholders, whom
I represent, the members of the Steering Committee in
the Taj Mahal matter, fully support the determination
of financial stability in connection with its
interests.

Along the way this Commission has
established certain dates for the occurrence of
certain events, some of which did not occur on the
dates established. Should that per se require a
determination on that given day that financial
stability if it existed the day before does not exist
on that day? I suggest that it does not as this
Commission has not found that failure to comply with
the predetermined date is not of necessity per se,
though I would find it stability or else we wouldn't
be here. I think the reason for that is correct. I
think the reason that that happened was because
Closings by Mr. Greenberg

without articulating it I think we are all working
under the assumption that financial stability means
something like a condition which is acceptable to the
creditors within your bondholders and your banks which
this Commission finds is sufficient to protect the
public interest in terms of paying the obligations and
debts as they come due, operating—on an operating
basis and most importantly of all that the precarious
position in which a debtor finds himself under those
circumstances does not give rise to a reasonable
belief by this Commission that such a debtor would be
tempted to act in a manner inconsistent with those
high standards of integrity in which the statute
envisions.

If you look at financial stability as
being defined in that way then Donald Trump as an
enterprise and Taj Mahal as a licensee meet the
standard irrespective, if you will, of how many votes
have been filed respectfully as of 3:30 this
afternoon, although in that regard I might indicate to
you that all you need is two-thirds of the votes
submitted and if that's the test we passed that
yesterday.

CHAIRMAN PERSKIE: Remember your
comment a few minutes ago about how you always
Closings by Mr. Greenberg

wanted--the voters always wanted to see the last thing that could happen? 67 percent of the universe is better than 67 percent of the ones that have voted yet.

MR. GREENBERG: Absolutely correct, even legislators want to vote last.

CHAIRMAN PERSKIE: I heard about that.

COMMISSIONER DODD: The twenty-first vote.

MR. GREENBERG: When we made application to participate, that application was granted for which we thank you and we assume that that was done because you believe that we have an interest in this matter and I suspect that that interest is one which goes to the first prong of the definition that I gave to you, my definition, and that is how does this debtor shape up according to his creditors, its creditors.

These creditors that I represent are fully satisfied with the condition of the debtor insofar as the negotiated agreement and plan presently being implemented. In fact, as you heard, without beating the horse to death, one negative vote was received, we have got over 82 percent if you count the
Closings by Mr. Ehrenberg

intentions of interest as well as those signed, sealed
and delivered. I submit to you that that is a very
clear vote and voice insofar as the financial
integrity of this debtor is concerned.

For the same reason that bankruptcy
protects a licensee and results in a finding of
financial stability, because creditors are in that
instance prevented from doing the type of harm to an
operator that this Commission would not want to see
done, so to here even more so where there is a
voluntary agreement entered into by its creditors,
including the bondholders and the banks, I submit that
the prong that's most critical for your consideration
respectfully dealing with financial stability has been
satisfied and we urge you to for that reason rule in
favor of the applicant's request.

Thank you.

CHAIRMAN PERSKIE: Thank you.

Mr. Ehrenberg.

MR. EHRENBERG: Yes. Mr. Chairman

and members of the Commission, my comments will be
quite brief.

The Steering Committee of the
bond--of the bondholders of the Trump Castle really
had only two functions to perform in these
Closings by Mr. Ehrenberg

proceedings. First we wanted to present certain
information to you. We did that in my memorandum
dated April 29. We did that yesterday in the
testimony of Mr. Foss and Mr. Nut. I won't go through
and repeat that testimony at this point.

The second thing we did is perform or
serve as a negotiating group to meet with the Trump
Castle management to discover and to see whether a fix
could be developed for the Trump Castle that would
work for all of those who are involved. You have seen
the results of those negotiations. It's exhibit
55-A. One could characterize exhibit 55-A as merely
five pieces of paper. I look at them slightly
differently. They represent weeks of negotiations.
They represent proposals, counter proposals, counters
to the counter proposals entered into by two sides
negotiating in good faith, each struggling to see
whether there was some fix that they both could agree
upon that would take us forward. The result was, as I
said, the term sheet.

I must agree with Mr. Auriemma. He
indicated earlier, and I think appropriately, we have
come a long way. There are still many steps to
continuing the process. I want to take the
opportunity to thank you as well. The Steering
Closings by Mr. Ehrenberg

Committee is in support of the Trump position.

Thank you.

CHAIRMAN PERSKIE: Thank you, Ehrenberg.

Anything else?

All right, as I understand it, subject to the submission of the document hopefully this afternoon this presentation closes the record at this stage with respect to the inquiry. The Commission will need some time to evaluate the material and its position. I will schedule another session for 2:00 on Thursday, June 20, the day after tomorrow, at which time I would anticipate that the Commission will be in a position to render a ruling in connection with the several applications that are before us.

Is there anything else that we need to touch on?

The document, Mr. Fusco, when you submit it, of course, should be submitted with copies to all the parties. It will be premarked as exhibit 59-C which is where I think it properly ought be in this situation.

There being nothing further we will be in recess.
Mr. Zimmerman, I need you for a few minutes. Thank you very much.

(At which time the hearing was adjourned at 2:44 p.m.)

CERTIFICATE

I, CAROLYN GERBER, a Certified Shorthand Reporter and a Notary Public of the State of New Jersey, do hereby certify the foregoing to be a true and accurate transcript of my original stenographic notes taken at the time and place hereinbefore set forth.

[Signature]

CAROLYN GERBER, CSR