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:

Wednesday, June 26, 1991
Atlantic City Commission Office
Tennessee & Boardwalk
Atlantic City, NJ 08401

VOLUME VI

BEFORE:

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

PRESENT FOR THE CASINO CONTROL COMMISSION:

BARBARA A. GALLO, PRINCIPAL RESEARCH ANALYST
KAREN G. BIACHE, ADMINISTRATIVE ANALYST
DARYL W. NANCE, ADMINISTRATIVE ANALYST
THOMAS FLYNN, PUBLIC INFORMATION OFFICER

ON BEHALF OF THE COMMISSION STAFF:

STEVEN M. INGIS, COUNSEL I

ON BEHALF OF THE DIVISION STAFF:

THOMAS N. AURIEMMA, DEPUTY ATTORNEY GENERAL

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RIBIS, GRAHAM & CURTIN, ESQ'S.
BY: JOSEPH A. FUSCO, ESQ.

INDEX

VOTE PAGE: 515

<table>
<thead>
<tr>
<th>NUMBER</th>
<th>DESCRIPTION</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>A-55B</td>
<td>Executed amended and restated outline of principal terms dated June 25, 1991 by TCA and the Bondholders Steering Committee setting forth the structure and principal terms upon which they are prepared to resolve the bondholders position</td>
<td>504</td>
</tr>
</tbody>
</table>
Item No. 25

MS. GALLO: Item 25, "Continuation of financial stability hearing of Trump's Castle Associates Limited Partnership."

MR. Ingis.

MR. INGIS: Commissioners, I believe all counsel are present. Mr. Fusco is here on behalf of the licensee, Mr. Auriemma is here on behalf of the Division, Mr. Ehrenberg is here on behalf of participating Putnam.

CHAIRMAN PERSKIE: When we last met we carried the matter to today so as to permit the Commission to undertake a comprehensive look to see what we needed and when and on what terms. We also invited the parties to supplement the record if they saw fit or were able to with respect to any other information and material.

Mr. Fusco.

MR. FUSCO: Mr. Chairman, I received several minutes ago actually what has been worked on since the last time we appeared before the Commission and it is an amended and restated outline of principal terms dated June 25 which is an amended and restated outline. A-55A was the exhibit that you had received earlier.

CHAIRMAN PERSKIE: So this modifies
Item No. 25

that exhibit?

MR. FUSCO: This supersedes that exhibit and I just provided your staff with I think eight copies of it. You do not have it yet in your papers. It's executed by Mr. Ribis and by the Steering Committee. Mr. Trump will execute it shortly. I'm not sure exactly when.

CHAIRMAN PERSKIE: For the time being then are you offering the document?

MR. FUSCO: Yes.

CHAIRMAN PERSKIE: Have you given it to Mr. Auriemma?

MR. AURIEMMA: I have seen it. I have no objection.

CHAIRMAN PERSKIE: I suppose it should be A-55B.

(A-55B was marked into evidence)

MR. FUSCO: That would be logical.

CHAIRMAN PERSKIE: Which is probably the best way to do it and I suspect that we are having copies of it distributed to us as we speak. This is a document that purports to bear, a six page supplement to a seven page document. The original document purports to bear the signature of Mr. Ribis, Mr. Foss and Mr. Nutt in their respective capacities. The
Item No. 25

representation of Mr. Fusco is that Mr. Trump has
signed it or will do so.

MR. FUSCO: He is in the process of
signing it now.

CHAIRMAN PERSKIE: We, of course,
will take a look at this and compare it with A-55A.
Is there any specific provision or set of provisions
in it that you wish to draw to our attention by way of
amendment?

MR. FUSCO: Only that it focuses on
the governance area that the Commission expressed
interest in and I believe it focuses on the other
areas that the Commission expressed interest in.
There are other things that have occurred, Mr.
Chairman, but at this point I don’t think it would be
helpful for me to attempt to tell you precisely what
things are in motion now because they have not quite
landed where they will land.

CHAIRMAN PERSKIE: I understand. I
will point out for the Commission’s attention the
provisions on page three under the heading of DJT
Management and incentive fees which differ in content
from the previous document on a quick look and
also--well, I see a number of things that I think I
recognize as being different, but this is not the time
Item No. 25

to do a sentence by sentence comparison.

MR. FUSCO: The governance concept is contained.

CHAIRMAN PERSKIE: That's what I was looking for. Where is that?

MR. FUSCO: In the six page exhibit to the seven page document. In there is a quite detailed elaboration of if you just leaf through quickly, Mr. Chairman, you will see. Actually--

CHAIRMAN PERSKIE: You are correct.

Of course, it does have the heading of discussion outline, but it is certainly at least a document that didn't exist last week.

We will, of course, subject this to the appropriate analysis as I am sure will Mr. Auriemma.

Any other documents?

MR. FUSCO: That is the document at this juncture, sir.

CHAIRMAN PERSKIE: Does the Division have anything further?

MR. AURIEMMA: Not at this time.

CHAIRMAN PERSKIE: Anybody on the Commission have questions of counsel?

Again, so that we are clear as to
Item No. 25

where we are from a procedural as well as a substantive standpoint, the Commission on its own motion has reopened the license for Trump's Castle Associates with specific focus on the question of financial stability. That was done prior to the relicensing in I believe April or May of this year. At the time of the relicensing the question of financial stability was continued as an open issue and continues through last Thursday or Wednesday, last week in any event, through to today and in that context the financial stability of Trump's Castle Associates is yet to be established to the Commission.

On June 20, 1991, the Commission adjourned Trump Castle's financial stability hearing in light of the uncertainty surrounding its eleventh hour restructuring proposal. Obviously, Castle's plan for long-term stability was and is too incomplete and left and leaves too many questions unanswered to allow for a meaningful analysis at this time. On June 20 the Commission briefly described some of the problems inherent in the proposal, including the nonbinding nature of the proposed term sheet, and indicated that, when we reconvened, strict timetables would be imposed to ensure expeditious implementation of any
Item No. 25

proposals.

I would admonish counsel that, if
there is any noncompliance with the following
schedule, the Commission will take whatever action may
be deemed necessary to protect and to preserve the
public interest. Further delays, for whatever reason,
simply cannot be tolerated.

Castle shall provide the following
material on the schedules indicated:

One, the outline of principal terms
dated June 15, 1991 as modified then introduced as
A-55 and today as modified by A-55B, which purports to
set forth the outline of the structure and principal
terms of an agreement between Castle and a majority of
the members of the Steering Committee of the
unofficial committee of Trump's Castle first mortgage
bondholders, or any finally amended version thereof,
shall be reduced to a binding, executed agreement
between Castle and the Steering Committee by July 31,
and shall be filed with the Commission and the
Division on or prior to that date. This agreement
shall include, among other things, the following
matters:

a) An executed agreement with
Midlantic Bank relating to Castle's debt of 50 million
Item No. 25
dollars and 13 million dollars, two separate debts.

b) A provision regarding a proposed
management agreement, detailing the fees and services,
or, if applicable, written verification that no
management agreement is contemplated.

c) Provisions concerning corporate
governance, including board representation and the
control and possible sale of the casino hotel
developed the price and terms upon which Donald Trump
may reacquire any portions of the equity transferred
to the bondholders in this agreement.

Second, a registration statement and
all requisite transaction and disclosure documents
shall be filed with the Securities and Exchange
Commission by July 31, and shall be filed with the
Commission and Division on their filing date with the
SEC. All subsequent amendments to SEC filings shall
be submitted to the Commission and Division on the day
they are filed with the SEC. In this regard, the
Commission expressly expects the Castle personnel to
react expeditiously and responsively to any comments
or recommendations made by the SEC to avoid any
unnecessary delay in the approval process. As any
amendments are filed, management shall submit a
schedule detailing the financial and cash flow
Item No. 25

implications of any changes from any prior SEC filing to the Commission and the Division.

Third, within 20 days of the registration statement being declared effective by the SEC, Castle shall provide evidence, by written submissions and any necessary testimony in supplement thereof, that a sufficient percentage of bondholders necessary to consummate the plan have approved the plan.

Fourth, within 45 days of the registration statement being declared effective by the SEC, Castle shall file a petition with the bankruptcy court for approval of the plan, and shall file copies of that petition with the Commission and Division.

Fifth, by July 31, 1991, Castle shall provide evidence of a conditional commitment for a letter of credit, or provide a sufficient explanation for not seeking or obtaining a credit facility and a description of alternative satisfactory contingent cash resources, including provisions hereinafter required for progressive jackpots.

Sixth, by July 31, 1991 Castle shall file:

a) forecasted financial statements prepared in Commission format on a monthly basis from
Item No. 25

July 1, 1991, through June 30, 1993, except for
forecasted balance sheets, which should be prepared on
a quarterly basis from June 30, 1991, to June 30,
1993. In addition, detailed assumptions should be
included, provided that the forecasts differ from
those submitted in connection with the renewal
hearing, as well as a discussion of the financial and
cash flow implications of the restructuring plan.

b) A revenue and expense variance
analysis for the 12 months ending December 31, 1991,
based on actual results through June, and December
through December 31, 1992, and the six months ending
June 30, 1993, from the comparable prior period.

c) A schedule detailing the
forecasted fixed cash requirements prepared on a
monthly basis from July 1, 1991, through June 30,
1993.

d) A schedule detailing the
forecasted long-term debt balances prepared on a
quarterly basis from June 30, 1991, through June 30,
1993, including details of any increases in debt
relating to the payment of interest in additional
bonds.

Castle shall, of course, remain
current on all existing financial obligations. The
Item No. 25

progressive jackpot condition imposed as to the Taj Mahal and Trump Plaza last week is herewith, if the motion carries, included to be imposed as a license condition on the Castle license.

With those timetables in place, I move that we adjourn the hearing until December--until July 31, 1991 pending receipt of all the material I have described. At that time, the Commission should be in a position to determine preliminarily if this restructuring proposal can be implemented.

So moved.

COMMISSIONER HURLEY: Second.

CHAIRMAN PERSKIE: Comment or discussion?

COMMISSIONER DODD: Chairman--

CHAIRMAN PERSKIE: Commissioner Dodd.

COMMISSIONER DODD: My concerns lie with the three words in this opening paragraph, the second paragraph, for whatever reason, I have problems with absolutes like that and perhaps it's the different disciplines that we all come from. Those absolutes don't happen in the business world. In the legal profession, yes, very precise and succinct, but when you are juggling the better part of a half
Item No. 25

billion dollars in assets around, rearranging them in the various economic climates that we find ourselves in, I wish that I could inject that in so many other clauses in life. It doesn't work that way. There is no doubt that most of all that's in the statement today based on our regulatory concerns are very legitimate, but to say that no matter what may happen between now and next month we are going to do whatever it is that we are threatening to do come hell or high water I have problems with that and give me some comfort here.

CHAIRMAN PERSKIE: I will respond to that. Let me first ask if anybody else has any comments or questions?

The motion and the specific details of the schedule have been constructed from what I perceive to be a rational evaluation of what can and what needs to be done to bring this matter to a conclusion in the ordinary course and on an appropriate timetable. None of the requirements that are here imposed in my view is impossible to meet and all of them stated more affirmatively, all of them are doable. It is my view that if the licensee and if the several creditors that are involved have the necessary commitment and understand the resolve of the
Item No. 25

Commission, that they can and that they will meet the conditions that are in the motion.

With respect to a specific threat, I don’t want to indicate today, I didn’t and the motion can’t now and wouldn’t as to exactly what the Commission will do at any given point. Suffice it to say that today and on July 31 and on any day thereafter the Commission’s obligation is to protect the public interest as it sees it at the time. It seems to me the public interest in this instance calls for a thorough and a sophisticated and a meaningful resolution of all of these issues, but it calls for it on a well understood, reasonable and definitive timeline. I suggest that the motion constitutes a well understood, understandable and doable timeline that serves the public interest.

That’s about as much comfort as I think I can provide.

Anybody else desire to be heard?

On the motion: Commissioner Dodd?

COMMISSIONER DODD: Aye.

CHAIRMAN PERSKIE: Commissioner Hurley?

COMMISSIONER HURLEY: Aye.

CHAIRMAN PERSKIE: Commissioner
Item No. 25

Waters?

COMMISSIONER WATERS: Yes.

CHAIRMAN PERSKIE: Vice Chair

Armstrong?

VICE CHAIR ARMSTRONG: Yes.

CHAIRMAN PERSKIE: And I vote yes.

The record will reflect the motion carries unanimously.

(All Commissioners present voted in favor of the motion)

CHAIRMAN PERSKIE: Are there any other questions counsel?

All right. Thank you very much.
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.

CAROLYN GERBER, CSR

Dated: July 1, 1991.