

MEMORANDUM

TO: Congresswoman Jackie Speier
House of Representatives
California, 14th District

FROM: Tom Adams, Counsel

DATE: April 30, 2019

Re: Has President Trump Received Criminal Proceeds While Serving as President?

Introduction

A large body of evidence already in the public record strongly suggests that violations of federal law have occurred in three real estate developments of the Trump Organization, projects located in Panama City, Toronto, and New York City. The potential crimes include money laundering, participation in a corrupt enterprise, bribery of foreign officials, failure to conduct required due diligence of foreign investments, tax fraud and obstruction of justice.

President Trump has received income from these projects while in office. He reported receiving more than \$2.7 million from his Panama and Toronto projects while he has been President.¹ Though income from the New York City project does not appear on his financial disclosure form, Trump sold the contract to manage the hotel in November 2017 for an undisclosed price.² Under the contract Trump was entitled to 5.75% of the operating income, which reportedly generated \$3M per year.³

¹ In his 2018 financial disclosure President Trump reported income from Trump Panama Hotel Management of \$458,597 and from Trump Marks Panama of \$100,001 - \$1,000,000. He also reported income from Trump Toronto Hotel Management Corp of \$2,273,297. The period of time covered by this report is calendar 2017 and January 1 – May 15, 2018. Trump was President all but 19 days of this reporting period. [180518 Donald Trump Financial Disclosure](#).

² [171122, NYT](#). [Date format is year, month, day.]

³ [170426, Reuters](#).

The evidence in the existing public record is damning, but not definitive. A thorough investigation is definitely warranted. The known evidence, however, does raise a fundamental issue: Has the President, *while occupying the Oval Office*, received income from a criminal enterprise? Knowing receipt of criminal proceeds would be a felony under federal law and New York law, where the Trump Organization is headquartered.⁴

This memorandum assembles evidence from a wide range of public sources making the patterns, connections and the cumulative weight of evidence apparent. It also includes an overview of some relevant legal principles.

Summary

Panama City, Panama, The Trump Ocean Club

- Project team composed of numerous criminals.
- Evidence of money laundering.
- Evidence of financial fraud.
- Evidence of sales fraud.
- Possible bribery of Panamanian President.
- No evidence of required due diligence by Trump.

Toronto, Canada, The Trump International Hotel and Tower

- Project developer a member of the Russian mob.
- Project financing linked to Russia, Russian mob, and money laundering.
- Possible bribery of Russian officials.
- Evidence of money laundering.
- Evidence of sales fraud.
- No evidence of required due diligence by Trump.

SoHo, NYC, The Trump SoHo Hotel and Condominiums

- Project principals linked to Putin and Russian mob.
- Financing linked to Putin and money laundering.
- Financing structure suggests tax fraud.
- Evidence of money laundering.
- Evidence of repeated fraud.
- Possible obstruction of justice.
- No evidence of required due diligence by Trump.

There are striking similarities in these three projects. All of them were hybrid condo/hotel projects.⁵ All of the developers selected by Trump had criminal associations.

⁴ 18 U.S. Code §2315; New York Penal Code §165.54.

⁵ In these projects, a buyer purchases a unit, but does not live in it full time. The units are rented as hotel rooms when the owner is not there. Typically, there are even restrictions prohibiting the owner from living there more

None of them had relevant real estate development experience. None of these projects was a commercial success. They all fell into bankruptcy or foreclosure.

Panama Project

Panama was known as a haven for corruption and money laundering.⁶ That reputation alone should alert a real estate investor to double-check all business partners and agents.⁷ Yet, without any apparent due diligence, in 2005 Donald Trump selected Roger Khafif and his firm, Newland International Properties, to be the developer of the Trump Ocean Club. Not only did Khafif have no prior experience developing a high-rise hotel; he had no real estate development experience at all.⁸

Criminal Associations. As Trump would have discovered through rudimentary due diligence, Khafif's team was riddled with criminals, starting with Alexandre Ventura Nogueira and David Murcia Guzman. Nogueira was Khafif's business partner in the Loft One Corporation.⁹ Nogueira had been under investigation in 2005 by Spanish authorities for money laundering. Nogueira was also a partner in a firm named DMG, the initials of David Murcia Guzman. US authorities called DMG a drug money laundering scheme.¹⁰ It had been established by Guzman.¹¹

Nogueira himself is now a fugitive from Panamanian justice having skipped bail after being sentenced to a five-year prison term for *fraud in connection with Trump Ocean Club sales*.¹² Guzman has pled guilty to money laundering and is in prison in the United States. He faces a 23-year sentence for fraud and money laundering in Columbia if he returns to that country.¹³

Louis Pargiolas Castano was an investor in Newland, Khafif's firm. Castano helped sell Trump Ocean Club properties. In 2009, Castano was arrested for smuggling cocaine and was convicted by a U.S. federal court in Miami.¹⁴

than a set number of days and a set number of days in a row. The hotel manages the unit as part of its operations and pays the owner something from the rental. Normally, these units are thought of as vacation units for the owner. However, they are also attractive to the money launderer who has no intention of living there and is happy to get whatever income is possible.

⁶ [171117 NBC News](#)

⁷ [Mayer Brown Checklist; DLA Piper FCPA Red Flags; Jones Day Red Flags.](#)

⁸ [171117 Reuters.](#)

⁹ [150803, Panama News.](#)

¹⁰ [150803, Panama News.](#)

¹¹ [150803, Panama News.](#)

¹² [171117 Reuters.](#)

¹³ [171117 Global Witness.](#)

¹⁴ [170516, Univision.150803, Panama News.](#)

That was not all. Trump's sales brokers from Russia and the former Soviet Union had criminal backgrounds.¹⁵ In addition a corrupt former President of Panama, Ricardo Martinelli, during his term in office, was an officer of the firm that served as co-trustee for the project. That co-trustee oversaw disbursements of funds, but only after first ensuring that Trump had received his fees.¹⁶ Awarding a contract to President Martinelli's firm raises serious issues regarding possible violation of the Foreign Corrupt Practices Act (FCPA).¹⁷

It was extremely unlikely that a corrupt team in a corrupt country could deliver a clean project. And public reporting shows that it did not. Financing was obtained and sales were made based on false representations and promises. Money was laundered from Russia and from drug smugglers. The history of the project, as publicly reported, is a tale of crime and corruption.

Fraud and Misrepresentation. The project was announced on April 24, 2006. In order to secure financing through a Bear Stearns bond issuance, the project had to raise a certain amount of money through pre-construction sales. The pre-construction sales period lasted from April 2006 until June 30, 2007. Prior to the deadline for securing financing, the project

¹⁵ One of the sales brokers, Alexander Altshoul, was a business associate of David Murcia Guzman, the drug smuggler/money launderer. Altshoul was charged in Canada with mortgage fraud, though the case was dropped. [171117 Reuters](#).

Another sales broker, Arkady Vodovsov, is a Muscovite who had been sentenced in 1998 to five years in prison in Israel for kidnap and threats to kill and torture. [171117 Reuters](#).

A third sales broker, Stanislau Kavalenka, had been charged in 2004 in Canada with pimping and kidnapping Russian prostitutes. The case was dropped when the prostitutes failed to appear in court for their testimony. [171117 Reuters](#).

A fourth sales broker, Igor Anopolskiy, is from Ukraine and marketed Trump Ocean Club project units in Ukraine. In September 2014, Anopolskiy was convicted in a Ukrainian court and sentenced to three years in prison for forging travel documents. The sentence was suspended and at the end of the suspension period, in June 2017, the sentence was purged. [171117 Global Witness](#).

¹⁶ Roger Khafif introduced Donald Trump to Ricardo Martinelli in 2006. At the time Martinelli was a successful businessman. He was a director of Global Bank, one of the largest banks in the country. Martinelli subsequently became President of Panama and attended the opening ceremony of Trump Ocean Club on July 6, 2011. Global Bank's subsidiary, Global Financial Funds, became the co-trustee for the Trump project after the complex opened in 2011.

As co-trustee, Global Financial Funds gained a view into the project's books and buyers, and was "supposed to make sure money was spent the right way," as Khafif puts it. Global Financial Funds was responsible for receiving funds coming in from rentals and sales accounts and for transferring it to a disbursement account. The money was only transferred to the disbursement account after Global Financial Funds reserved or paid Trump's commission for the licensing of his name. [170310, Fast Company](#).

Martinelli has been a fugitive from justice wanted on multiple corruption charges and investigations, ranging from allegedly helping to embezzle \$45 million from a government school lunch program to insider trading to using public funds to spy on more than 150 political opponents, lawyers, doctors, and activists. He left office in 2014 and had lived in a luxury waterfront condo in Miami. [170310, Fast Company](#). This summer he was extradited. Court documents in the case have been sealed. Martinelli's lawyer is Ann St. Peter-Griffith from the law office of Marc Kasowitz.

¹⁷ [Mayer Brown Checklist](#); [DLA Piper FCPA Red Flags](#); [Jones Day Red Flags](#).

announced that two-thirds of the 996 units had been pre-sold for a total of \$279M. This was sufficient for Bear Stearns to issue junk bond proceeds of \$220M.¹⁸

Donald Trump and his family directly participated in this corrupt scheme, engaging in deceit and misrepresentation about the project. Donald Trump led the way. In 2006, he said that banks were “fighting to put up money for the project.” Pro Publica could find no evidence of that. It appears there was only one bank interested and that bank was only offering to finance the project with junk bonds.¹⁹

Ivanka Trump briefly boasted that she had personally sold 40 units. But a broker on the project said he couldn’t remember her selling even one. Meanwhile, Ivanka told a journalist at the time that “over 90%” of the Panama units had sold — and at prices with a 500% premium above comparable buildings. According to ProPublica, both statements were untrue. In 2009 after the global downturn, Ivanka Trump said, “Our biggest problem is not having enough inventory. We only have a small percent of the building left.” ProPublica reports that this was another false statement. Donald Trump said, in a promotional video ahead of the 2011 opening, that the project sold “like hot cakes.”²⁰

Meanwhile, multiple buyers claimed they were promised quick profits through flips arranged by the developers, promises that buyers say were not fulfilled.²¹ Some buyers alleged that Khafif had offered them a sweet enticement: If they put 30% down, either the developer or the Trump Organization would finance the rest. Khafif, they claimed, said Newland or the Trump Organization would manage finding new buyers so the original buyers could flip it for a big profit before construction was finished and they had to close on the property. The deal soured and buyers discovered there was no developer financing, and no buyers lined up to flip to.²²

Nogueira apparently misappropriated money collected in the pre-sales campaign. Nine former business partners or employees of Nogueira interviewed by Reuters alleged that, at the Ocean Club and at other developments, Nogueira either failed to pass on all the deposits he

¹⁸ [171117 Global Witness.](#)

¹⁹ [181017 Pro Publica.](#)

²⁰ [181017 Pro Publica.](#)

²¹ [171117 Reuters.](#)

²² In an interview with ProPublica, one of those buyers described what he had expected to happen. “There was an agreement that when the hotel is built, when the building is ready, we’ll sell our apartments, our shares, and quit the project,” said Victor Masaltsev, an internet entrepreneur who lives in Moscow and invested in the Ocean Club through a Panamanian shell company that became a plaintiff in a suit against Trump. “I’ve been doing business for a long time and, you know, there’s never a 100% guarantee,” he said through a translator. “But I was expecting to make no less than 50% profit on my money. [181017 Pro Publica.](#)

One buyer from Dubai made similar claims, according to emails in the Panama Papers. “The concept was pay the deposit and they would get it resold before completion,” a representative for the buyer wrote to a lawyer in Panama. “[T]he apartment was going to be resold for them by the agents that came from Panama to Dubai for marketing the project.” [181017 Pro Publica.](#)

collected to the project's developers, or sometimes sold the same apartment to more than one client. On completion of the project, some buyers had no clear claim on a property.²³

An unknown number of units appear to have been double-sold. Eleanora Michailov, Nogueira's international sales director, said up to 10 out of 80 apartments in the Trump tower that she had sold were also sold by Nogueira to others.²⁴ Ortiz, the former lawyer for Guzman and Nogueira, said of the Trump-branded project: "When the building was completed and people arrived to seek out their apartments, they ran into each other - two, three people who were fighting for the same apartment."²⁵

In addition, Khafif's firm, Newland, allowed its shareholders to purchase 8-10% of the units at below-market prices with down payments of just 5%. "I have never seen 8-10% of a 996-unit project reserved by the developers at prices as much as 70% less than list price (with just a 5% deposit)," asserted one email from Gary Lundgren, who now owns a sizable part of the building, to others in the project. The purchases were "not disclosed in the Bear Stearns's bond offering circular, not disclosed in the quarterly financial disclosure, not disclosed in the annual audited financial statements," he complained.²⁶

The insider purchases potentially violated the terms of the project's financing. The bond prospectus required down payments of at least 30%, which would "protect the economics of our project." Since sweetheart deals generated less cash — which meant less collateral for the bonds — a provision of the bond agreement restricted sales made to affiliates of the developers. And if buyers stopped making payments, they were supposed to go through a default process rather than have Newland take over their purchase. The misappropriation of deposits, the insider discounts, the low down-payments, the Newland re-purchase promises, and the double selling have the appearance of constituting a fraud on the bond holders.²⁷

Money Laundering. Mauricio Ceballos, a former financial crimes prosecutor in Panama has called the Trump Ocean Club in Panama City "a vehicle for money laundering."²⁸

Brokers for the project fanned out to Russia, Spain, Switzerland, Dubai, China and South Africa, as well as other Latin American countries. As of mid-2007, roughly 60% of buyers came

²³ [171117 Reuters](#).

²⁴ Lawsuits in Panama and separate written complaints seen by Reuters record at least six instances of alleged fraud by Nogueira, in the Trump project and in other Panama construction projects. Two of the complaints seen by Reuters were in the "Panama Papers," documents from a local law firm that were leaked to the Süddeutsche Zeitung and the International Consortium of Investigative Journalists. [171117 Reuters](#).

²⁵ [171117 Reuters](#)

²⁶ Lundgren's complaints may be accurate, but he has his own checkered background. It is alleged that he took possession of project properties that had been owned by David Murcia Guzman. He may be holding some of these properties for former President Ricardo Martinelli who has fled the country. [160813 Rijock Financial Crimes Blog](#). Lundgren himself is subject to a lifetime ban from the securities industry. [160813 Rijock Financial Crimes Blog](#).

²⁷ [181017 Pro Publica](#).

²⁸ [171117 NBC News](#)

from outside the United States, bond documents show.²⁹ Roger Khafif, Trump’s lead developer, stated that he did not do any checks on the source of the funds coming into the Panama project.³⁰

Nogueira, one of the main brokers, is a money-lauderer. Nogueira himself estimates that, overall, he brokered the purchase of 350 to 400 units.³¹ In his interview with NBC and Reuters, Nogueira stated that 50% of his customers were Russian, and that “I had some customers with some, you know, questionable backgrounds.” He also said that he found out later that some customers were part of the Russian Mafia.³²

Unaware that he was being recorded during a telephone conversation in 2013, Nogueira said he had performed money laundering as a service, moving tens of millions of dollars mainly through contacts in Miami and the Bahamas. “When I was in Panama, I was regularly laundering money for more than a dozen companies.” The recordings were heard by Reuters and authenticated by five people who know Nogueira.³³

David Murcia Guzmán, another broker, laundered millions of dollars of drug money, including – as a U.S. court has found – through real estate. He personally purchased Trump Ocean Club units. In addition, well-placed sources indicate that he used drug money smuggled from Colombia to carry out business transactions in Panama. Global Witness concluded that Guzmán had laundered the proceeds of narcotics trafficking through the Trump Ocean Club, and that Donald Trump was a beneficiary.³⁴

Aside from the admissions of the parties, the structure of the sales themselves suggests money laundering. Using shell companies is a common practice for money laundering.³⁵ At least 139 special purpose shell companies were created during the pre-construction period to facilitate the sale of its units. These were all shell companies that had names that followed a formula that included a Trump Ocean Club unit number. Each of these companies was anonymously owned, with nominees listed on the paperwork. Many of these shell companies were actually set up by Nogueira and his agents. This meant it would be nearly impossible to determine the companies’ ultimate owners and their sources of funding. Rich Russians (referred to as “whales”) were especially prized by the brokers because of the high prices and commissions they paid.³⁶

²⁹ [181017 Pro Publica.](#)

³⁰ [171117 Reuters.](#)

³¹ [171117 Global Witness.](#)

³² [171117 Global Witness.](#)

³³ [171117 Reuters.](#)

³⁴ [171117 Global Witness.](#)

³⁵ [171117 Global Witness.](#)

³⁶ [171117 Global Witness.](#)

Many units were purchased in bulk. Some buyers paid cash and a lot of them flipped their properties, further indications of money laundering.³⁷ Sources interviewed by Global Witness, as well as Nogueira in his interview with NBC and Reuters, described how some purchases were made through secretive “bearer shares,” instruments which hide the true buyer and which have long been banned by most countries.³⁸ These are all further indications of money laundering.

The Fall of Trump Panama. The Trump Ocean Club in Panama was officially inaugurated on July 6, 2011. It was nearly a year behind schedule after cost overruns and construction delays. The time had come for the hundreds of sales contracts that brokers had amassed over the previous five years — eventually covering about 85% of the building — to convert to actual sales. Instead, in the months that followed it became increasingly clear that buyers were walking away in droves. One-bedroom units that once sold for \$350,000 could be scooped up for \$180,000.³⁹

The number of people who abandoned their deposits far exceeded the ratings agencies’ worst-case predictions, predictions that had fully considered the forbidding combination of tight post-crisis financing standards and the high prices that many buyers had agreed to pay. Ultimately, only about half the hotel and condo sales contracts closed, leaving the building largely empty. In November 2011, only five months after opening, the developers defaulted on a critical bond payment.⁴⁰

Khafif’s firm declared bankruptcy in April 2013 in federal court in New York City. The Trumps agreed to reduce their fees, making concessions that bankruptcy records said would amount to \$20 million over a period of years. Even after those concessions, Khafif’s company continued to run in the red in 2014 and 2015, with net losses nearing \$28M in 2014 alone, financial reports show. The firm missed another payment in 2015.⁴¹

Although the Trump Ocean Club opened, it proved to be a white elephant. Out of 369 total condos, 202 remain unsold. The hotel has struggled with low occupancy and room rates that were not sufficient to cover the costs of unit maintenance.⁴²

At this point, Trump was just a condo/hotel manager, but with unusually broad authority, including power of attorney to represent all unsold hotel condo units and most

³⁷ [171117 Global Witness.](#)

³⁸ Bearer shares are unregistered stock certificates or equity security that belong to whoever holds them at the time. Issuers of bearer shares do not list the owner’s name or track the transfer of ownership. Therefore, the use of bearer shares allows ownership of a firm and with it the asset it owns, like a luxury condo, to be transferred in total anonymity, without any record of the transfer. Because of the high potential for fraud and money laundering, bearer share deals have been long banned in most countries and their use has been restricted even in Panama since 2015. [171117 Global Witness.](#)

³⁹ [181017 Pro Publica.](#)

⁴⁰ [181017 Pro Publica.](#)

⁴¹ [181017 Pro Publica.](#)

⁴² [171127, Associated Press.](#)

absentee residential condo owners at building association meetings. Because many purchasers lived abroad, the proxy votes controlled by Trump's company had a decisive say over condo affairs.⁴³

The same people ran both Trump's condo management company and his hotel management company. They did not maintain separate bank accounts for each company, nor did they keep track of expenses that were specifically attributable to the hotel alone. The hotel was, by far, the most expensive part of the building to operate. Shuffling hotel expenses to the rest of the building would make the hotel look more profitable.⁴⁴

Documents obtained by the AP show the Trump team charged to the common payroll hotel-specific expenses such as bellhops' salaries and hotel room safe repair. Condo owners couldn't tell whether they were being shortchanged because Trump didn't keep separate tallies. Although Trump's management team was contractually required to "establish and maintain segregated bank accounts" for each of the building's components, the team never did.⁴⁵

Such bookkeeping transparency took on increasing urgency given Trump's failure to stay within the boundaries of its owner-approved budget. The building burned through its reserve funds two years after it began operation, incurring unapproved debts of more than \$1.1M in 2013 and again in 2014. Trump executives also appeared to award themselves mysterious bonuses. The building's unit owners still do not know the size of those incentives; and the Trump Organization has refused to disclose them, according to members of the board.⁴⁶

In August 2017, Orestes Fintiklis, of Miami-based Ithaca Capital Partners bought the remaining 202 units from the struggling developer for greatly discounted prices. The owners association under Fintiklis leadership served termination notices on the Trump Organization, which in turn refused to acknowledge their validity. There was physical pushing and shoving. The Trump Organization was accused of shredding documents.⁴⁷ In March 2018, armed with a Panamanian court order, Fintiklis took control of the building and removed the Trump name from the property.⁴⁸

The bond holders may have lost as much as \$120 million. Guzman is in federal prison. Nogueira is on the run. Martinelli has been extradited to Panama.⁴⁹ Donald Trump became President of the United States.

⁴³ [181024, Chicago Tribune.](#)

⁴⁴ [181024, Chicago Tribune.](#)

⁴⁵ [181024, Chicago Tribune.](#)

⁴⁶ [181024, Chicago Tribune.](#)

⁴⁷ [180224, Associated Press.](#)

⁴⁸ [180305, NYT.](#)

⁴⁹ [181017 Pro Publica.](#)

Trump didn't make what he had hoped for; but he appears to have walked away with between \$30 million and \$55 million.⁵⁰ While President, he has received money from an endeavor that has every appearance of a corrupt enterprise.

Toronto Project

The Trump Tower in Toronto, Canada also raises issues regarding violation of both the FCPA and the Racketeer Influenced and Corrupt Organizations Act (RICO). This time, he apparently became involved with the Russian mob. Money appears to have been laundered through the Toronto project.

Criminal Associations. Trump's association with criminals began when he first started the project. His initial partner was Leib Waldman. Waldman had fled to Canada from the U.S. after pleading guilty to bankruptcy fraud and embezzlement in 1995. In 2002, when the Toronto press disclosed his status as a fugitive from justice, he was removed from the project.⁵¹

Trump needed a new developer. He selected Alex Shnaider in 2004. Shnaider is a Russian-born Canadian national and had been a minor investor in the project under Waldman. However, he had no previous hotel or condo development experience. He was wealthy having made money quickly in the collapse of the former Soviet Union.⁵² His wealth may have been one of his qualifications, but connections with powerful, wealthy Russian criminals may have been another.

Had Trump done a due diligence investigation of Shnaider, as required by the FCPA, Trump would have discovered that Shnaider is part of a tangled web connecting the Russian mafia, the Russian government, and Russian oligarchs in need of money-laundering. Though the web is tangled, the information is publicly available to anyone doing the required due diligence.

The first strand in the web leads to Boris Birshtein, Shnaider's father-in-law. Birshtein is a Russian-Canadian businessman,⁵³ with an office in Tel Aviv.

Shnaider's father-in-law was not just a member of the mob. He was a leader. In October 1995, he hosted a summit meeting of Russian crime bosses in his Tel Aviv office. One attending was Semion Mogilevich, a notorious "boss of bosses" of the Russian mob. Another was Sergei Mikhailov, leader of the huge Solntsevskaya crime organization.⁵⁴ Mogilevich was, in a sense, the CFO of the mob. He was known as, the "brainy don" thanks to his mastery of

⁵⁰ [181017 Pro Publica.](#)

⁵¹ [171021 Toronto Star.](#)

⁵² [171021 Toronto Star.](#)

⁵³ Craig Unger, *House of Trump, House of Putin*, 89 (Dutton, 2018).

⁵⁴ Other leading crime figures there were Mikhailov's partner Viktor Averin, and Ukrainian media mogul Vadim Rabinovich, who had ties to the arms trade and other black market ventures. Craig Unger, *House of Trump, House of Putin*, 89 (Dutton, 2018).

financial crimes. The meeting resulted in a division of spoils, giving Mogilevich control of the Ukrainian energy sector.⁵⁵

Birshtein operated what was essentially the overseas investment arm of the Russian mob through a firm called Seabeco SA. Shnaider himself had helped run Seabeco in the 1990's.⁵⁶ Birshstein may have launched Shnaider's ownership in the Ukrainian steel business through gifts or subsidies.⁵⁷

In selecting Shnaider, Trump enrolled a family member of the Russian mob to run his Toronto project. This came at a time when Trump was shunned by Wall Street banks.⁵⁸ He needed financing elsewhere. Shnaider secured that financing from Raiffeisen Bank International AG in Vienna.

Money Laundering, Misrepresentation and Possible Bribery. Due diligence would have shown Trump that Raiffeisen Bank had previously been accused of acting as a conduit for wealthy Russians laundering money abroad.⁵⁹ In addition, an affiliate of the Raiffeisen bank had been named as a front for the gas company RosUkrEnergo, which is controlled by Russian crime boss Semion Mogilevich, according to Scott F. Kilner, deputy chief of mission for the US embassy in Austria.⁶⁰

Glenn Simpson testified that Raiffeisen Bank was "laundering the money from the Mafia gas trading scheme that Putin was running between Ukraine and Russia" When the mob "was setting up their finance role and corporate operations to siphon money off the gas trade, they did it with Raiffeisen." Raiffeisen was "the go to bank for top level Russian dirty stuff."⁶¹

50% of RosUkrEnergo shares are held by the Russian state-owned oil and gas company Gazprom.⁶² Involvement, if any, of a state-owned entity potentially implicates the anti-bribery provisions of the FCPA, another red flag for performing the due diligence required by that statute.

Raiffeisen had no experience in urban hotel condo development in Canada.⁶³ In 2008, Raiffeisen funded this project without following Canada's standard commercial procedures for a loan of this scale and type. Normally a Toronto bank would have required the project to sell enough pre-construction units to cover the entire cost of a loan before funds are released.

⁵⁵ Craig Unger, 55,59, 89 - 90.

⁵⁶ Craig Unger, 171, 277.

⁵⁷ [180711, Financial Times.](#)

⁵⁸ [181002, NYT.](#)

⁵⁹ [171021 Toronto Star.](#)

⁶⁰ Craig Unger, 146.

⁶¹ 171114, House Permanent Select Committee on Intelligence.

⁶² Craig Unger, 145, 171021, [171021 Toronto Star](#), [101203, Kyiv Post.](#)

⁶³ It had only made one loan previously in Canada. That loan was in a resort area, and that project went bankrupt. [171021 Toronto Star](#). Is it just a coincidence that both it and the Toronto project went bankrupt?

Raiffeisen required that pre-sales cover only 80% of the loan. Bankruptcy documents show that the project only pre-sold 70%. Raiffeisen funded anyway.⁶⁴

Shnaider also raised money for the project by selling assets of his own. In 2010, Shnaider sold a steel mill in Ukraine for \$850M.⁶⁵ The Financial Times, however, reports that Shnaider had to pay a \$100M commission to complete this sale and that some of money “could have ended up with Russian government officials.” If so, paying this commission could have violated Canadian anti-bribery laws. \$40M from this transaction was reportedly allocated to the Toronto project.⁶⁶ A central purpose of the FCPA due diligence requirement is to prevent the possibility of obtaining project funds through foreign bribery.

That was, by no means, the end of the red flags from this project. Again, the Raiffeisen bank failed to take the normal, commercially prudent actions of a lender. Between 2008 and 2013 Raiffeisen extended the repayment deadlines 12 times, according to bankruptcy records.⁶⁷ In 2016 a Canadian court ruled that Shnaider’s company essentially fabricated rosy income projections and understated costs to buyers. Increased construction costs totaled \$106M. Adam Powadiuk, director of commercial finance at First National Financial, a real estate lender in Toronto, said the amount of debt on the project was “enormous” and “very strange” in the Canadian context.⁶⁸

Though the project was eventually built, it sat three-quarters empty, hemorrhaging money just to keep the lights on. Hotel room occupancy rates were running between 19% and 45%.⁶⁹

By the time it filed bankruptcy, the project had only collected \$108.3M in unit sales — less than half of what the developer had said it earned.⁷⁰ 94 units, less than a quarter of the total, had been sold. 285 remained unsold. Local banks had been refusing to lend on them.⁷¹ What happened, one wonders, to the pre-sale contracts on 70% of the units?

The Fall of Trump Toronto. The project went into default in July 2015. There is no evidence that Raiffeisen took any action to seek repayment of its loan at that time. More than a year later, JCF, a Canadian vulture investor, bought the Raiffeisen note for an undisclosed price, presumably pennies on the dollar.⁷² JCF declared the project in default, and that triggered a

⁶⁴ [171021 Toronto Star](#).

⁶⁵ The sale was financed by the Russian state-owned bank, VEB. At the time, Vladimir Putin was the chairman of the bank. Acquisition of the mill was thought to be in Russia’s strategic interest. According to the Financial Times, Shnaider put C\$40M of proceeds into the Toronto project. [180711, Financial Times](#).

⁶⁶ [180711, Financial Times](#).

⁶⁷ [171021 Toronto Star](#).

⁶⁸ [171021 Toronto Star](#).

⁶⁹ [161104, NYT](#).

⁷⁰ [171021 Toronto Star](#).

⁷¹ [Affidavit of John Huston](#), p. 25; [Bankruptcy Application Record](#), p.35

⁷² [161101, Reuters](#).

bankruptcy filing.⁷³ When the project entered bankruptcy in 2016, bankruptcy records show it still owed \$301 million of the \$310 million it had borrowed from Raiffeisen in 2008.⁷⁴ Raiffeisen had been repaid almost none of its loan. JCF reportedly paid the Trump Organization \$6M to terminate the management agreement.⁷⁵ The hotel was subsequently sold to InnVest, rebranded as a St. Regis facility, and the Trump name removed.⁷⁶

Frankly, it is unclear whether the project was ever intended to be successful. Consider this startling report: it is the only such project to go bankrupt in the last decade in Toronto, a time when more than 400 condominium towers of 14 floors or more were successfully completed.⁷⁷

Three salient features of this troubled history stand out. First is the presence of the Russian mob in both the development and the financing. Second, the project failed despite enviably favorable market conditions in Canada. Third, and perhaps most important, is the conduct of the Raiffeisen bank. Not only did it lack experience in this type of project, but it seemed only to be bringing money into Canada and doing nothing to get repaid. The suggestion of money laundering is hard to avoid.

“Russia has long been associated with dirty money,” said Elise Bean, a former top official on the US Senate’s leading investigative committee and veteran of several money-laundering investigations. “Anyone getting substantial funds originating in the former Soviet Union should have known that the funds were high risk and required a careful due diligence review to ensure the money was clean.”⁷⁸

The history of this real estate development including the selection and conduct of Shnaider, the selection and conduct of Raiffeisen, and the potential role of the Russian state all raise troubling suggestions of a corrupt enterprise that produced income for the President of the United States.

SoHo Project

The SoHo Hotel and Condominium project in New York was initiated four years after the Toronto project. Trump selected the Bayrock Group to act as developer of the project. Its

⁷³ On September 29, 2016 JCF Capital, ULC, purchased the Raiffeisen note for an undisclosed price. After purchasing the note, JCF demanded payment, the hotel defaulted, and the project went into bankruptcy in November. [161101, Reuters](#). In January the receiver put the property up for sale with a minimum bid of \$298M. [170111 CBRE Announcement](#). When there were no bids, JCF as the senior lender took title to the property in March 2017. [170629 Newswire.ca](#).

⁷⁴ [171021 Toronto Star](#).

⁷⁵ [170627, Financial Post](#).

⁷⁶ [170629 Newswire.ca](#).

⁷⁷ [171021 Toronto Star](#).

⁷⁸ [180711, Financial Times](#).

principal partners were Tamir Sapir, Tefvik Arif and Alexandre Maskevich.⁷⁹ (In an unusual feature, the SoHo project licensing agreement expressly gave Donald Trump an 18% equity stake in the project.⁸⁰) The COO was Felix Sater. All of these men had deep links to Russia and to Russian criminals. Trump had worked with Bayrock since 2002.⁸¹ There is no reason why he should not have become familiar with their backgrounds prior to the announcement of the SoHo project in 2006.

Russian and former USSR Criminal Associations. One Bayrock partner, Sapir, is a Russian immigrant who came to America with virtually nothing and became a billionaire in a few short years. He initially ran an electronics store. The store was operating as a wholesale outlet for KGB agents, Soviet diplomats and Politburo members.⁸² But it could be his association with Mikhail Chernoy that led to his sudden riches. Chernoy and his brother Lev allegedly “defrauded the Russian Central Bank of more than \$100M through an elaborate scam involving dozens of fictitious companies,” according to a report by Pulitzer Prize winning reporter, Knut Royce of the Center for Public Integrity.⁸³

A second Bayrock partner, Arif, had spent seventeen years working for the USSR Chamber of Commerce and Industry, an agency run by KGB officers that had long been systematically engaged in commercial espionage in the West.⁸⁴ According to a 2006 State Department cable from the U.S. Ambassador to Uzbekistan, Arif was connected to Gafur Rakhimov, one of that nation’s two top “mobsters.”⁸⁵ Arif has been investigated off-and-on for organized-crime links, but nothing has been established.⁸⁶

The third principal Bayrock partner, Maskevich, is a Kazakh billionaire who is a major shareholder in the Eurasian Natural Resources Corporation, ENRC, a Kazakh mining company owning large chromium deposits.⁸⁷ The company was delisted from the London Stock Exchange because of corruption allegations.⁸⁸ His mining companies have been linked to official corruption in Congo.⁸⁹ Maskevich also helped run Boris Birshtein’s criminal enterprise, Seabeco. (Maskevich was operating at Seabeco at about the same time as Alex Shnaider who later became the principal developer of the Toronto Hotel).⁹⁰

⁷⁹ Bayrock promotional literature listed Maskevich as a source of financing, though Maskevich has denied it.

⁷⁹ [170328, USA TODAY.](#)

⁸⁰ [170713, New Republic](#), Craig Unger, 157.

⁸¹ [170621, Bloomberg.](#)

⁸² [000809, NYT.](#)

⁸³ Craig Unger, 114.

⁸⁴ Craig Unger, 158.

⁸⁵ [170404, McClatchy.](#)

⁸⁶ [160725, The Hill.](#)

⁸⁷ [180111 Bloomberg.](#)

⁸⁸ [160815, Irish Times.](#)

⁸⁹ [161205, Bloomberg.](#)

⁹⁰ [180712, Martin Sheil](#), [180801, The HillReporter](#), Craig Unger, 171.

Bayrock's COO, Sater, was born in Russia and grew up in Brighton Beach.⁹¹ He had been convicted of stabbing a man in a bar fight and also of running a "pump and dump" stock manipulation scheme in New York state.⁹² In 1998 investigators discovered a locker rented by Sater containing two pistols, a shotgun and a gym bag stuffed with a trove of documents outlining a money laundering scheme and offshore accounts of Sater and his partners.⁹³ Sater fled (where else?) to Russia. There, Sater embarked upon the most intriguing portion of his life. He served as a spy for the CIA and then as an informant for the FBI,⁹⁴ but very little is understood about those activities.

Sater accompanied Ivanka Trump on a trip to Moscow in 2006 and bragged that he had arranged for her to sit in Putin's chair in his office.⁹⁵ Sater apparently maintained very significant Russian connections.

Tax Fraud, Money Laundering, and Misrepresentation. Trump and Bayrock arranged part of the financing for the SoHo project using Russian connections. According to public reporting, the structure of the financing raises questions of tax fraud. Financing was provided by the FL Group, an Icelandic bank known as a hub for Russian investors linked to Vladimir Putin and money laundering.⁹⁶ Bayrock recommended the bank because it was "close to Putin."⁹⁷ Maskevich was also involved.⁹⁸

In 2007 the FL Group invested \$50M in four Bayrock projects one of which was the SoHo project.⁹⁹ In return for the investment, FL received a 49% equity share in the four projects. However, the paperwork characterized the investment as a loan, apparently so that the money would not create taxable income to Bayrock. That alone may have saved Bayrock a tax bill of \$20M. Additional dividends to FL were to be characterized as interest payments potentially creating an additional tax reduction of \$80M. The UK Telegraph obtained copies of letters signed by Donald Trump personally approving this structure. Experts who reviewed the documents for the Telegraph said there were red flags indicating a strong case of tax fraud.¹⁰⁰

There are also indications of potential money laundering. Fully 77% of the condo sales in the SoHo Hotel were to shell companies. The same real estate lawyer handled nearly half of

⁹¹ Craig Unger, 131.

⁹² [170328, USA TODAY.](#)

⁹³ [071217, NYT.](#)

⁹⁴ [180312, BuzzFeed.](#)

⁹⁵ [170828 NYT.](#)

⁹⁶ [180801, The HillReporter.](#)

⁹⁷ [170623, Bloomberg.](#) Salvatore Lauria, an organized crime figure associated with Sater when he was cooperating with the FBI, may have brokered the FL \$50 million investment in Trump SoHo and three other Bayrock projects. The Icelandic company, FL Group, was identified in a Bayrock investor presentation as a "strategic partner," along with Alexander Mashkevich. [160405, NYT.](#)

⁹⁸ [180801, The HillReporter.](#)

⁹⁹ In 2008, FL also made a loan to Alex Shnaider of €48.5M ostensibly for a yacht. [180801, The HillReporter.](#)

¹⁰⁰ [150526, The Telegraph,](#) [161219, The American Interest.](#)

those sales. Four of the deeds to shell companies listed a Moscow address that was crossed out, with the lawyer's address being substituted.¹⁰¹

One of the purchasers of Trump SoHo units was Viktor Khrapunov, who purchased units through shell companies. Khrapunov is the former energy minister of Kazakhstan and ex-mayor of its capital, Almaty. He has been accused of looting hundreds of millions of dollars of public assets from that city. The Financial Times suggests that his purchases of the Trump SoHo units were for the purpose of money laundering. Khrapunov contends that all of his family's wealth was made lawfully and that the accusations are politically motivated.¹⁰² The *Financial Times* found that the project had "multiple ties to an alleged international money-laundering network."¹⁰³

On March 25, 2019, the City of Almaty and the BTA Bank filed suit in federal court in New York City alleging that Felix Sater and Khrapunov knowingly engaged in money laundering of stolen funds to purchase units at the SoHo Hotel.¹⁰⁴ Sater says the suit is "desperate retaliation."¹⁰⁵

As Ross Delston, a Washington, D.C., lawyer and money laundering expert who has consulted for the Justice Department, has stated about the project: "Having 77% of the transactions to anonymous buyers raises the probability that there are red flags for money laundering and other financial crime."¹⁰⁶

This project is another example of sales practices consisting of deceit and misrepresentation. The Trump Organization, including specifically Donald Jr. and Ivanka Trump, made false statements about the pace of sales. In an email exchange, they even discussed how to coordinate the false statements. In 2010 investors who made deposits on the units sued the Trump Organization for fraud. Ivanka and Donald Jr. were also facing a possible criminal indictment. At that point, the investors were offered an unusually favorable settlement: 90 cents on the dollar for their deposits plus attorneys' fees. In return, the investors agreed to the Trumps' demand that they not cooperate voluntarily with any criminal investigation. It's hard to believe that such a clause is valid even in the context of a civil settlement. Worse, it might be obstruction of justice. Worse yet, it may have worked. The District Attorney apparently considered the lack of cooperating witnesses when he decided not to press charges.¹⁰⁷

The Fall of Trump Soho. Trump SoHo operated under a management contract with the Trump Organization, but the building was foreclosed upon in 2014 and sold to the CIM Group. At the time of the foreclosure only 122 of 391 units had been sold. Trump SoHo had to drop its

¹⁰¹ [180112, BuzzFeed.](#)

¹⁰² [170706, Financial Times](#); see also, [180112, BuzzFeed](#), [180111 Bloomberg.](#)

¹⁰³ [161019 Financial Times.](#)

¹⁰⁴ [190325 City of Almaty Complaint](#)

¹⁰⁵ [190326 BNN Bloomberg](#)

¹⁰⁶ [180112, BuzzFeed.](#)

¹⁰⁷ [171004, Pro Publica](#); [171004, New Yorker.](#)

rates in order to keep rooms occupied. The building's main restaurant closed in April 2017.¹⁰⁸ On November 22, 2017, the Trump Organization announced that it had reached a deal for an undisclosed price to sell its management contract to CIM. Under the contract Trump was entitled to 5.75% of the operating income, and reportedly received \$3M per year.¹⁰⁹ CIM removed the Trump name.¹¹⁰

The questionable financing, lack of due diligence on foreign financing, possible tax fraud, possible money-laundering and suspicious sales practices at this real estate development project warrant serious investigation. Despite the omission of income from the November 2017 transaction in the President's financial disclosure, there is no question that this transaction did occur.¹¹¹ Unless Trump received no payment for giving up a valuable hotel management contract, it is another instance of an apparently corrupt enterprise producing income for the President of the United States.

Legal Issues Overview

The Foreign Corrupt Practices Act

The FCPA anti-bribery statute¹¹² imposes a requirement of ongoing due diligence for an American investor. The American investor cannot escape liability through willful blindness or deliberate ignorance of the unlawful actions of foreign associates.¹¹³ "Don't tell me; I don't want to know" is not allowed under the FCPA. The FCPA also covers prohibited actions carried out by foreign agents or brokers.¹¹⁴ Aiding or abetting a violation of the FCPA or conspiring with others to violate the FCPA are also federal crimes.¹¹⁵ Each violation of the FCPA is punishable by fines and imprisonment up to five years.¹¹⁶

The due diligence required by the FCPA may reveal the possibility of money laundering or other federal crimes. Proceeding in the face of that knowledge risks prosecution under those other federal statutes. Arthur Middlemiss, a former assistant district attorney in Manhattan and a former head of JPMorgan's global anti-corruption program, told Reuters that the FCPA requires those who do business abroad to perform due diligence on others involved in their ventures. If they fail to do so, he said, they are subject to criminal liability for turning a blind eye to wrongdoing.¹¹⁷

¹⁰⁸ [171123, Bisnow](#); [140917, Hotel Management](#).

¹⁰⁹ [170426, Reuters](#).

¹¹⁰ [171122, NYT](#).

¹¹¹ [171122, NYT](#), [171122 Financial Times](#), [171122 CNN Money](#), Both CNN and the Financial Times describe the transaction as a "buyout."

¹¹² 15 U.S.C. §78dd-1 et seq.

¹¹³ [121114, DOJ SEC FCPA Resource Guide](#).

¹¹⁴ [121114, DOJ SEC FCPA Resource Guide](#), pp.21-23.

¹¹⁵ [121114, DOJ SEC FCPA Resource Guide](#), p..34.

¹¹⁶ [121114, DOJ SEC FCPA Resource Guide](#), p. 68.

¹¹⁷ [171117 Reuters](#).

In a leading case under the FCPA, the U.S. Court of Appeals for the Second Circuit upheld an investor's conviction regardless of whether he had actual knowledge about the bribes. The FCPA, the Court said, criminalized "*conscious avoidance—a deliberate effort to remain in the dark about any transgressions a foreign partner might be involved in* (emphasis added)."¹¹⁸

Donald Trump seems well aware of the law. During a phone-in appearance on CNBC in 2012, Trump expressed frustration with the FCPA. "Every other country goes into these places and they do what they have to do," he said. "It's a horrible law and it should be changed." If American companies refused to give bribes, he said, "you'll do business nowhere." He continued, "*There is one answer—go to your room, close the door, go to sleep, and don't do any deals, because that's the only way. The only way you're going to do it is the other way* (emphasis added)."¹¹⁹

Panama developer Roger Khafif indicated that he did not do any checks on the source of the funds coming into the Panama project because he believed others were responsible for that task. In his interview with NBC and Reuters, Nogueira expressed the view that carrying out due diligence on customers was the project developer's responsibility, not his. Nogueira said that no one asked him about the source of funds. "The banks didn't ask. The developers didn't ask. The Trump Organization didn't ask me. Nobody asked me: 'Who are the customers? Where did the money come from?'"¹²⁰

Abe Wallach, Trump's right-hand man at the Trump Organization from 1990 to about 2002, said in an interview: "Donald doesn't do due diligence. He relies on his gut and whether he thinks you have good genes."¹²¹

The Racketeer Influenced and Corrupt Organizations Act

RICO, is yet another statute potentially implicated by these enterprises. It generally prohibits participating in an enterprise through a pattern of racketeering activity, meaning at least two criminal acts, such as money laundering, mail fraud or other specified crimes.¹²² Though RICO was originally passed to address mob related crime, the statute applies broadly to conspiracies involving an enterprise's pattern of violating any of the federal crimes that are listed in it such as money laundering and bank fraud.

If the government prosecutes a person as a member of a RICO conspiracy, prosecutors need not prove that a defendant agreed with every other conspirator, knew all of the other conspirators, or had full knowledge of all the details of the conspiracy. All that need be shown is that the defendant agreed to participate in a corrupt enterprise, that he knew the general

¹¹⁸ U.S. v. Kozney, 667 F.3d 122 (2nd Cir. 2011), [170313, New Yorker](#).

¹¹⁹ [170313, New Yorker](#).

¹²⁰ [171117 Reuters](#).

¹²¹ [170621, Bloomberg](#).

¹²² 18 USC §1961.

status of the conspiracy, and that he knew the conspiracy extended beyond his individual role.¹²³ Not only the RICO principals, but all persons “associated with” the enterprise, such as agents or brokers, may be guilty of violations.¹²⁴

A defendant’s guilty knowledge and participation in the conspiracy may be inferred from facts and circumstances. Furthermore, RICO applies to money laundering outside of the United States.¹²⁵ Violations of RICO are punishable by a prison term of up to 20 years.¹²⁶

Licensing

The Trump Organization has attempted to distance itself from liability by claiming that it was merely a licensor and had no actual control over these projects. Not surprisingly, the company seeks to shift blame to others. However, there is no legal basis for avoiding liability because a party is a licensor. Even if there were, the Trump Organization exercised a degree of control over these projects such that it was a *de facto* developer.

As to the FCPA, its prohibitions are applicable to any business formed under a state law in the United States.¹²⁷ There is no exception for licensors. Nor is a person’s status as a licensor a defense under RICO to a charge of participating in a corrupt enterprise. Federal RICO expressly provides that a party does not need to participate in the operation or management of a corrupt enterprise to be found liable.¹²⁸

Further, the Trump Organization, and Donald Trump, were far more than licensors. In each instance they had broad control over these projects and participated in their development, financing, sales and operation.

For example, the licensing agreement for the Panama project specifically gives Trump approval rights over the engineering and design of the building, the exterior of the building including signage and landscaping, interior design including lobbies, hallways, other common areas, unit layouts, room counts, all furniture, fixtures, equipment and appliances, the sales and marketing plan for the building, and more. Trump had approval rights over the final plans and specifications. He even had approval rights over amenities made available to owners of residential condominiums.¹²⁹

¹²³ [DOJ Criminal RICO Resources Manual](#), p.165 -170.

¹²⁴ [DOJ Criminal RICO Resources Manual](#), p.146-148.

¹²⁵ *RJR Nabisco v. European Community* 136 Supreme Court 2090 (2016).

¹²⁶ [DOJ Criminal RICO Resources Manual](#), p.185.

¹²⁷ 15 USC §78dd-2(a),(h)(1).

¹²⁸ [DOJ Criminal RICO Resources Manual](#), p.167 -170.

¹²⁹ 2006 License Agreement, Exhibit A, [181017 Pro Publica](#). Copies of the license agreements for the Toronto and SoHo projects were not available at the time of this memo, but these agreements were all executed within roughly the same time period, which suggests that the provisions could be similar.

Trump was responsible for arranging the financing with Bear Stearns. According to project documents, he would get a \$2.2 million commission for that effort.¹³⁰ The nominal developers and other partners had to obtain prior approval from Trump's company before posting press releases. In some cases, Trump had veto power over promotional materials as well.¹³¹

Nogueira, a broker for the Panama project, has stated that the Trump Organization had to approve everything, including even furniture and fittings. Nogueira met with Eric Trump and Donald Trump, Jr. about the project. The Trump children participated in promotional materials including videos.¹³² The contract required that monthly sales and marketing reports be provided to the Trumps, a provision that Eric Trump described as required "for basic monitoring purposes."¹³³

This is how Ivanka Trump described her role in a 2008 interview, "I'm involved in every aspect of our new construction projects. ... [M]ost of them are actually outside of the U.S.-from Dubai to Panama to Scotland. ... [I]n my capacity as vice president, a lot of what I do is get involved in the acquisition process, from sourcing the potential opportunities and then the initial due-diligence process, but then, of course, I follow the deals through to predevelopment planning, design, interior design, architectural design, sales and marketing, and, ultimately, through operations."¹³⁴

Donald Trump had an 18% equity stake in the SoHo project.¹³⁵ He also clearly had approval rights. Donald Trump personally signed agreements approving financing the project from FL. One letter described him "as a partner."¹³⁶ Another requested his consent "in accordance with" the license agreement.¹³⁷

Claims by the Trump Organization that neither it nor Donald Trump owned, developed or sold these projects are, politely put, a fiction. Trump was a *de facto* developer because he clearly exercised participation and control.

Conclusion

Public reporting provides more than enough evidence to warrant a full investigation of the corrupt practices that the Trump Organization has apparently undertaken and the payments the President has received.

¹³⁰ [181017 Pro Publica](#).

¹³¹ [181017 Pro Publica](#).

¹³² [171117 Reuters](#), [171117 NBC News](#).

¹³³ [181017 Pro Publica](#).

¹³⁴ [081110, Entrepreneur.com](#), [181017 Pro Publica](#).

¹³⁵ [170713, New Republic](#).

¹³⁶ 070419 Trump-Bayrock Letter, [150526, The Telegraph](#).

¹³⁷ 070516 Trump-Bayrock Letter, [150526, The Telegraph](#).

Investigation is also necessary to preserve fundamental democratic principles. In 1215, 800 years ago, the signing of the Magna Carta established that the rule of law applies to the ruler as well as the ruled. That principle is at the core of the American government. The rule of law is the foundation of democracy. Without it the powerful would rule. The people of the United States are required to obey the law. And so must the President.