



The Asset Episode 2: Bankrupt

Producer:

Previously on The Asset:

Max Bergmann:

On January 6, 2017 the US intelligence community dropped a bomb.

[Newscast:](#)

Newscaster: US intelligence has concluded that Russian President Vladimir Putin ordered his military to help Donald Trump win the election.

[James Comey:](#)

The FBI, as part of our counterintelligence mission, is investigating the Russian government's efforts to interfere in the 2016 presidential election.

Max Bergmann:

And then...

Newscast:

Reporter: The president has fired James Comey.

Max Bergmann:

Trump drops the charade.

[Newscast:](#)

Donald Trump: Oh, I was going to fire regardless of recommendation.

Lester Holt: So there was [...]

Donald Trump: He made a recommendation. He is highly respected. But regardless of recommendation, I was going to fire [Comey].

Max Bergmann:

Trump fired the FBI director for investigating him. He admitted to obstruction of justice on national television.

-BREAK-

Max Bergmann:

Episode 2: Bankrupt.



The Trump Taj Mahal Casino in Atlantic City was supposed to be the eighth wonder of the world. When it opened in April 1990 it was the largest casino complex ever built, taking up 17 acres of prime real-estate on Atlantic City's famed boardwalk. It was also the most expensive casino ever built. Donald Trump shelled out \$1.1 billion to get it operating. The Trump Taj Mahal was exactly what you'd expect from a Trump casino. It was bigger, more expensive, and it was tackier, decked out top to bottom in blinding neon lights and faux-Indian spires. It was an over-the-top effort to exude ostentatious wealth. According to one press release, each of the casino's 24 chandeliers cost a full quarter million dollars. Trump's guest to the grand opening, where he took the stage in the casino's massive ballroom and rubbed an enormous magic lamp, was none other than Michael Jackson.

[Newscast:](#)

Donald Trump: He's my friend. He's a tremendous talent and it's really my honor. It's a big day for me.

Reporter: The power duo took us along on their private tour of the casino that spans 4.2 million square feet. The strictly off-limits money vault supported a unique view of its gargantuan gaming room. In a space the size of three football fields there are over 3,000 slots, some taking \$100 chips, plus 167 gaming tables. That's room for 17,000 players to dice with lady luck beneath crystal that cost \$15 million alone. We stayed up close when Donald escorted his superstar guests to the high roller's penthouse suite. Of 1,250 deluxe accommodations on 51 marble floors, special visitors are given the key to a \$10,000 a day super suite.

Max Bergmann:

The Taj Mahal was also a financial disaster. It quickly became an insatiable money pit. According to the New York Times, experts predicted that the Taj Mahal would have to pull in at least \$1 million per day just to meet its overhead costs and the basic payments on Trump's debts. Compounding the problem was Trump also owed \$1.2 billion on his three other casinos in Atlantic City and the Trump Organization even admitted that his properties in New York weren't doing especially well at the time. Yet Trump plunged forward, spending money he didn't have on a project that didn't make a lot of sense. Trump spent more than 11 years working to get this particular project done, even though it meant going so deep into debt that it threatened to destroy his whole real-estate empire. He even guaranteed that he would pay off any shortfall from his own personal bank account. By 1991, a little more than a year after it opened, the Trump Taj declared bankruptcy. But even worse for Trump is that this huge failing money pit of a casino was also sucking money from his other Atlantic City casinos: Trump Castle and Trump Plaza. He was competing with himself and killing his other businesses. By December 1991, the Trump Castle Casino was also on the brink of failing. Trump had an \$18.4 million payment due on the bonds he used to keep the casino afloat. He desperately needed cash to avoid defaulting and that's where we see Trump's trump card: his dad. Here's Tim O'Brien on what happened next:



Tim O'Brien:

Fred sends a lawyer down to Atlantic City with a briefcase full of \$3 million in cash and has him go up to one of the cages in the casino and buy \$3 million worth of chips. And the lawyer puts the chips into the briefcase, and the cash goes into the window, and Donald's managers then take the cash and use that to make the debt payment that they needed to make in order to stave off bankruptcy.

Max Bergmann:

This was not just extremely shady. It was also a clear violation of state gambling laws and it ultimately led to a \$30,000 fine. You're going to hear a lot from Tim O'Brien in this episode and there's a reason for that. Tim O'Brien literally wrote the book *TrumpNation* about Donald Trump's early business career, and as a result, Donald Trump sued him. Why? Because Tim O'Brien concluded that Donald Trump wasn't actually as rich as he said he was. A key thing you need to know about Donald Trump's businesses: they fail. A lot. He bankrupted hotels, casinos, an airline, and even an entire football league. And when they fail, Trump needed someone to bail him out. And up until the late 1990s that person was his dad.

I'm Max Bergmann, Director of The Moscow Project, and this is The Asset.

-BREAK-

Max Bergmann:

After James Comey was fired in May 2017, the FBI reportedly opened up a counterintelligence investigation to determine whether the President, Donald J. Trump, was a Russian asset. This is something that has never happened before in history. But what does this actually mean, counterintelligence investigation? How do you investigate someone who is an asset of a foreign power? Well, the first question investigators often ask is, what's the motivation? Why would someone possibly work on a foreign power's behalf and essentially betray the country? One principal reason: money. When CIA officer Aldrich Ames started working with the Soviets in the 1980s, he did it largely because he was going broke. He had an expensive divorce, and he had a new wife who had lavish tastes. So he started passing information on to the KGB - information that resulted in the deaths of more than 10 high level American assets. And he did it largely for the money. But the money was also his downfall. The CIA and FBI started looking at Ames' money - his tailored suits, his Jaguar, his home remodel and enormous credit card bills. These were expenses you couldn't afford on that government salary. And they knew something was up. Oleg Gordievsky was in charge of KGB operations in Great Britain in 1985, and he also happened to be a British double agent, and it was Aldrich Ames who blew his cover. And he gives his assessment of Aldrich Ames:



[Oleg Gordievsky:](#)

My assessment of Aldrich Ames is that he is of course a traitor. He only wanted to have money, money, money, in order to have a better life, to have a future. He will simply a greedy bastard.

Max Bergmann:

When you apply for a security clearance to work for the US Government, especially in a national security position, you have to fill out a painstaking number of forms, going through all the places you've lived, all the foreigners you know, whether you've done drugs, and of course where your money comes from. Who do you owe, what investments you have, everything. And you have to update the government regularly on your finances. But Trump didn't have to do this because he won the election. So in opening an investigation into Trump, an obvious place for the FBI to start is his money. Yet, the Mueller investigation does not appear to have done that. Here's Adam Schiff, the Chairman of the House Intelligence Committee earlier this year.

[Adam Schiff:](#)

There's certainly no discussion in the report of whether he looked into those allegations. He did look at the, the effort to build a Moscow Trump Tower. Uh, that certainly was a form of financial entanglement and a deep conflict of interest by the president. But in terms of the issue of money laundering, there's no indication he looked at that, unless that's part of the counterintelligence findings that he said was not going to be a part of this report.

Max Bergmann:

We aren't sure why Mueller didn't look into Trump's finances in his report. Perhaps Mueller saw this as beyond the scope of his mandate or perhaps, as Washington Post columnist David Ignatius suggested, Deputy Attorney General Rod Rosenstein may have prevented Mueller from looking at Trump's money. Why? Well, perhaps because Trump was going to fire Mueller if he crossed that red line. Whatever the reason, when you look at Trump's financial background, what you see is someone who is obsessed with money and obsessed with being rich. It's critical to who he is. But he is also someone who is constantly needing to be bailed out and someone who needs to be bailed out is someone who is vulnerable. So any counterintelligence investigation needs to follow the money. And to do that with Trump, we have to go back decades.

-BREAK-

Max Bergmann:

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our work and this podcast, please go to www.themoscowproject.org and click on the donate tab. That's themoscowproject.org. Thank you.

-BREAK-

Max Bergmann:

Donald Trump came to personify the image of American wealth and success in the 1980s. It was an era of roaring stock markets and Wall Street extravagance. Where lavish, ostentatious wealth was lionized. Shows like *Lifestyles of the Rich and Famous* grabbed the ratings. Absurd stretch limos became the rage, and no one seemed to embody the fabulously wealthy lifestyle more than Donald J. Trump. He cultivated that image and became a celebrity. He produced the book, *The Art of the Deal*, in 1987 and he began popping up in television shows and in movies.

The Fresh Prince of Bel Air: It is my esteemed pleasure to introduce Mr. and Mrs. Donald Trump.

The Job: They told me you were here. You look great. Thank you very much. Donald owns this restaurant. This is my friend [...]

Donald Trump: Hey, listen. Are you bagging her? Huh? Are you?

Suddenly Susan: I didn't get rich by throwing away quarters. All right. Ok.

Sex and the City: Sarah Jessica Parker: Samantha, a cosmopolitan, and Donald Trump. You just don't get more New York than that.

The Nanny: Fran Drescher: Donald Trump I'd like you to meet...oh what am I talking about? All you handsome zillionaires know each other.

Max Bergmann:

He also became the epicenter of page six gossip columns in New York City with his relationships with Ivana Trump and Marla Maples.

Donald Trump:

Beautiful girlfriend, beautiful wife, beautiful everything. I mean, life was just a bowl of cherries.

Max Bergmann:

But the image Trump cultivated of an incredibly wealthy and savvy playboy businessman actually masked the roots of his wealth: his dad. Back when Donald Trump was growing up, the Trump Organization actually was a pretty impressive self-made business. It had been founded by



his grandfather who immigrated to Queens in 1906 and started a real-estate company. When he died in 1918 his wife and son, Donald's father Fred, took over and became one of the biggest builders in the borough. After barely scraping through the Great Depression, Fred took advantage of World War II and its subsequent housing boom. He turned their small constellation of companies into a small empire. They focused mainly on single family homes and large apartment complexes in Queens and Brooklyn. Here's Tim O'Brien:

Tim O'Brien:

And he really learned at his father's knee, but his father's knee was on Avenue Z in Coney Island, Brooklyn in a sort of a hole-in-the-wall real-estate office that was not glamorous and certainly wasn't sexy. Fred didn't really care about the trappings of a luxurious office, but Donald, I think, cared about it from the moment he sprang from the womb.

Max Bergmann:

In 1968, Donald joined the company. In the 1970s, he became its president. He was the one who decided to move the company from the outer boroughs into Manhattan and later Atlantic City. Suddenly the company wasn't about houses and apartment buildings. It was about hotels and casinos. Donald had delusions of grandeur. Here's Tim O'Brien again:

Tim O'Brien:

He looked across the river at Manhattan as Oz, and he knew that in New York real-estate, it was the big New York families who built skyscrapers in New York who were considered glamorous real-estate developers. It wasn't the guys making middle income housing in Brooklyn and Queens. So I think he was thinking about, you know, getting out of Queens into Manhattan almost as quickly as his father would allow him to start spending the company money on projects. He started thinking about a epic grand tower that would have his family's name on it, not someone else's name on it, in a prime location that would be considered symbolic of the new era in New York. And so, he lands on what would ultimately become Trump Tower. And he comes out of that moment really in the early 1980s with everything in front of him. He had family money. He had a successful project. He had banks eager to do business with him and in very short order he blew all that up because he's innumerate, he's undisciplined, he's unsophisticated, and he's not self-aware. But he was fortunate enough to have some of the biggest banks in the country willingly throw huge snowballs of cash at him because he was Fred Trump's son and because he was saying he had assets that were worth billions and billions of dollars and Forbes backed that up when they stuck him on the Forbes 400 list all the time.

Max Bergmann:

Donald basically spent 30 years running all kinds of different projects into the ground,



accumulating a mountain of debt in the process. He bankrupted hotels, casinos, even an entire football league.

[Broadcast:](#)

ABC Sports presents...

Max Bergmann:

That last one's not an exaggeration. Trump had always wanted to own his own football team, but he had never actually been rich enough to buy into the NFL. So, when a new professional league, the USFL,

[Broadcast:](#)

The season premiere of the United States Football League.

Max Bergmann:

...came along in the 1980s to challenge the NFL, Donald wanted in. He bought a team there instead. Most of the league's owners wanted to take things slow and steady. If they kept their season during the spring and summer, they wouldn't have to compete directly with the NFL. But Trump, he wasn't interested in the long game, and he pushed the USFL to start its season in the fall to directly compete with the NFL. He strong-armed the other owners to agree. The result? The NFL crushed the USFL in ratings. In a last gasp, the USFL sued the NFL for anti-competitive practices and they actually won. The reward? A check for \$3. Nobody even bothered to cash the check and the USFL was dead a year later. When ESPN asked Trump about it, decades later, Trump blew them off, acting like he never cared in the first place, and dismissed the whole thing.

[Movie Clip: Small Potatoes: Who Killed the USFL?](#)

Donald Trump: It would have been small potatoes. Have a good time.

Max Bergmann:

In 1992 Trump defaulted on a mountain of debt and had to turn over his airline. That's right. Trump had an airline. Trump Shuttle had to be turned over to US Airways. It turned out not knowing anything about the airline industry might be a problem. Here's Tim O'Brien:

Tim O'Brien:

He had never run an airline before. The Eastern Shuttle had gone into bankruptcy. He bought it out of bankruptcy. Everyone on the other side of that transaction was rubbing their hands together, because they had a mark in Donald. He overpaid. He then wanted to make it a very glamorous, high end, shuttle along the Eastern Seaboard that included gold plated sinks and



luxurious seating, all of which added to both the weight of the plane, which made it less aerodynamic and also increased their fuel costs, made it harder to get the planes off the ground. But he hadn't thought through any of those things. You know, he wanted very plush carpeting in the aisles, but that made it hard for the flight attendants to roll trolleys up and down the aisles. All of this stuff was, he was focused entirely on the airline representing him as a mogul as opposed to the airline being a well-run and profitable entity that could compete with other low-cost carriers that were operating on the East Coast. And it didn't take very long before that thing went into bankruptcy.

Max Bergmann:

All Trump's business failures fit a pattern.

Tim O'Brien:

He spent so much money acquiring the casino companies and for example, building the Taj, that those companies had to throw off a lot of cash on a day-to-day basis just to pay the debt down. And this isn't complex. This is not a complex business transaction. This is like anyone who has a credit card and they go out and they put too much money on it each month and the income they're bringing in doesn't allow them to pay the credit card down. The only difference between that and what Donald Trump was doing was he was doing it with more than \$3 billion of which \$900 million he personally guaranteed and didn't have. And so you had this string of acquisitions: The Plaza Hotel, the Eastern Shuttle, the USFL, casinos in Atlantic City, so on and so on. And none of which he really knuckled down and learned how to manage well.

Max Bergmann:

Because the Trump Organization is a private company and because Trump refuses to release his tax returns or any other financial documents, we have known relatively little inside information about how it actually operated. And Trump was aggressive about guarding his actual wealth and the details of his financial information. He is the only president in more than 40 years not to release his tax returns and he would sue journalists who reported on his wealth. Tim O'Brien was, in fact, sued by Trump for his book *TrumpNation*, which came out in 2005.

Tim O'Brien:

He sued me for libel for \$5 billion, which was larger than my advance for the book and also approximately the difference between what he was saying his net worth was at the time, which was around \$6 billion, and what my sources were telling me, which was anywhere from about, you know, \$150 to \$250 million.

Max Bergmann:



Because Tim's lawsuit went to discovery, he has been one of the few journalists to actually see Trump's taxes. And what's clear is that after seeing what he saw, Tim didn't offer a mea culpa or rewrite his book, and we now know why. All the speculation that Trump wasn't as rich as he said he was, was just confirmed in a massive blockbuster story in *The New York Times* in May 2019. *The Times* got some of Trump's tax documents from 1985 to 1994, and it explodes the myth of Donald Trump. It exposes him as a fraud. The tax returns show in black and white that in 1985 alone, Trump lost \$46.1 million from his core businesses. That includes his casinos, hotels, and apartments. He lost money every single year between 1985 and 1995. For a decade, Trump had \$1.17 billion in losses. The story contains the absolutely stunning fact that year after year, Trump lost more money than nearly any other individual American taxpayer. His losses in 1990 and 1991 amounted to more than \$250 million each year, more than double anyone else in the entire country. Trump was number one—number one in the country in losing money. He lost so much money that he didn't have to pay taxes for eight years. This backs up a lot of what we had heard about the Trump Organization. A vice president who joined the Trump Organization in the early 1990s likened it to getting on the Titanic just before the women and children were moved to the lifeboats.

Donald Trump:

The headline was quite accurate. "Welcome to the Nineties, Donald," because it was like you got whacked right in the face.

Max Bergmann:

In 1991, the New Jersey Casino Control Commission declared that Trump couldn't be considered financially stable. Who goes bankrupt running a casino? They print money. So when Trump wrote *Art of the Deal*, when he was on *Lifestyles of the Rich and Famous*, when he was being listed in *Forbes* as one of the wealthiest people in the world, it was all a fraud. It was a lie. What this story shows is that Trump can keep up an act. For 30 years, he was perpetuating a myth, a lie, that he was some grand business success, that everything he touched turned to gold. Yet everything was falling apart around him. But Trump was a master at keeping up appearances, at wearing a mask, at effectively living a double life. He convinced the public, the media, and banks that he was this great businessman. He conned them. So, if you were doing a counterintelligence investigation into Trump today, and you look back at this period in Trump's life, you would see a man who is flailing financially and is easily compromised. But that's not all you would see. You would also see someone who gets entangled with some unsavory and suspicious characters. When Trump set his sights on Atlantic City and building his own casinos, it also brought him in close proximity to the criminal underworld, to the mob. Here again is Tim O'Brien:

Tim O'Brien:



Casinos were legalized in Atlantic City in 1976 and at the time, there wasn't a huge amount of interest among companies to take it seriously and open their doors there. Trump at one point took a drive down there and decided that he wanted in, and he began assembling a parcel of land in Atlantic City that he could build a casino on. His original partners were completely mobbed up. The FBI later takes a look at this and they tell him that he has to buy his partners out and get them out of that deal if he wants to be able to get, to continue operating in Atlantic City.

Max Bergmann:

But it wasn't just in Atlantic City that Trump worked with some people associated with the criminal underworld. Trump's links to the mob may also have helped get Trump Tower built—quite literally.

Tim O'Brien:

I actually did a lot of reporting about the concrete issue on Trump Tower. You know, that was a building that was I think built, about 80% of it was reinforced concrete at a time when every other skyscraper in the city was moving away from concrete and into, you know, other sorts of super structures that did not rely on concrete. Concrete was expensive, and it had other hurdles present for people who wanted to use it as a building material. And all of the concrete suppliers in New York were heavily mobbed up. Trump never had a labor strike on the Trump Tower site, and he was able to get concrete at a relatively affordable price that other builders couldn't get it for. And there's always been this question about, wow, how did, how did that work out for him? How did he, how did he make that happen?

Max Bergmann:

But Trump's connections with the mob weren't just about business. Trump was fascinated with the mob and it helped shape his outlook.

Tim O'Brien:

I think he's also enamored of mobsters. I think he thinks that the way mobsters rule and the way mobsters talk, and the way they speak about one another, and the way they speak about their enemies and their friends is very appealing to him. He has got a very street-level, thuggish, bullying approach to how the world works. And his father always taught him that the world is a predatory place and that it's binary. There's only one winner, and you have to be out there slugging it away, so you can be the winner. And I think he saw mobsters as emblematic of that and it didn't bother him that mobsters broke the law and it didn't bother him that they gouged people and that they murdered people and they trafficked in drugs. I think he just thought mobsters were to be admired. You know, he told me once about watching John Gotti testify. It was in the context of me asking him if he had ever broken down crying. And he said, no, you know, he doesn't think he's ever cried in his life. And he thinks it's feminine to cry. And his



example of the way you should be, he said, was John Gotti sitting in court while he was being prosecuted as the head of the Gambino crime family, because prison was rolling towards him and he was going to be separated permanently from his family and he just sat there in court with a stone-cold face and never cried. And Donald thought that John Gotti was a badass. And you can see this now in the presidency. When Donald Trump takes to Twitter and starts talking about whether or not Michael Cohen's going to flip and whether or not Paul Manafort is really loyal and what is loyalty, and when he has these, these implied threats that he's going to unleash havoc in the streets if he doesn't get his way—all of that comes out of his experience in New York, rubbing shoulders with and admiring mobsters.

Max Bergmann:

In a House hearing in February, Trump's personal lawyer for a decade, Michael Cohen, explained how Trump's affinity for mobsters impacted the organization. Trump himself operated like a mob boss:

[Congressional Hearing:](#)

Representative Justin Amash: You suggested that the President sometimes communicates his wishes indirectly. For example, you said, "Mr. Trump did not directly tell me to lie to Congress. That's not how he operates." Can you explain how he does this?

Michael Cohen: Sure. It would be no different if I said, "That's the nicest looking tie I've ever seen, isn't it?" What are you gonna do? You're gonna fight with him? The answer is no. So, you say yeah, it's the nicest looking tie I've ever seen. That's how he speaks. He doesn't give you questions. He doesn't give you orders. He speaks in a code and I understand the code because I've been around him for a decade.

Max Bergmann:

During the 1980s, Trump had gained notoriety. He was a celebrity. Everyone knew who he was and that included not just mobsters, but also the KGB. Trump had gained the attention of the Soviet Union. Trump even wrote about it in *Art of the Deal* in 1986:

Quote from The Art of the Deal:

2:30 PM. A prominent businessman who does a lot of business with the Soviet Union calls to keep me posted on a construction project I'm interested in undertaking in Moscow. The idea got off the ground after I sat next to the Soviet Ambassador Yuri Dubinin at a luncheon. Dubinin's daughter, it turned out, had read about Trump Tower and knew all about it. One thing led to another and now I'm talking about building a large luxury hotel across the street from the Kremlin in partnership with the Soviet government. They have asked me to go to Moscow in July.

Max Bergmann:



Later in the book, Trump says:

Quote from The Art of the Deal:

In January 1987 I got a letter from Yuri Dubinin, the Soviet Ambassador to the United States, that began, "It is a pleasure for me to relay some good news from Moscow." It went on to say that the leading Soviet state agency for international tourism, Goscomintourist, had expressed interest in pursuing a joint venture to construct and manage a hotel in Moscow. On July 4, I flew with Ivana, her assistant Lisa Calandra, and Norma to Moscow. It was an extraordinary experience. We toured a half-dozen potential sites for the hotel, including several near Red Square. We stayed in Lenin's Suite at the National Hotel and I was impressed with the ambition of the Soviet officials to make a deal.

Max Bergmann:

Now let's be clear. This should raise a lot of red flags. Donald Trump, a caricature for the excesses of American capitalism and greed is being approached by the Soviet ambassador to the United States? The ambassador's daughter had read all about Trump Tower? And then Trump is suddenly invited to Moscow with talk of building a new hotel? And he comes back and writes positive things about the "ambition of Soviet officials?" These guys are the communists! I talked about this with *The Guardian's* Luke Harding, their former Moscow correspondent and the author of the book *Collusion*:

Luke Harding:

There was an invitation. Trump was formally invited, this is in The Art of the Deal, his ghost-written memoir, by Intourist, which was the Soviet foreign-travel agency, it's basically the KGB again who decide who gets into the Soviet Union and keeps track of visitors, foreign businessmen, when they get there. So we can say that the KGB in essence brought Trump to Moscow. He had meetings with officials and discussed a hotel deal. But I think what's more significant about this trip is that my best interpretation of it is, is that the sort of KGB and the Soviet state more generally, were checking Donald Trump out. He stayed in the National Hotel, which is just around the corner from Red Square. It would have been bugged. Absolutely would have been under KGB control. I know from memoirs of former KGB officers who defected that this had been used to entrap other foreigners in the past and to blackmail them. And the Trump file, the kind of Moscow file on Trump, would have been supplemented by this technical readout by bugging, by conversations with Trump. And there would also have been a psychological evaluation of him, quite in depth, I think.

Max Bergmann:

But how did Trump get on the KGB's radar? Well, first, he was a prominent figure. Everyone knew who Donald Trump was in the United States. But his first wife, Ivana Trump was also



from the Eastern bloc, from Czechoslovakia. Here's Luke Harding explaining the connection:

Luke Harding:

This is a recurring question I've been asking myself for, for a long time now, which I think Vladimir Putin will know the answer to this, and that is when did the KGB first open its Donald Trump file? Now, if this file exists in physical form, we know it'll be bigger than several warehouses by now. But at some point, a KGB case officer will have taken a kind of A4-sized piece of cardboard, written Trump in Cyrillic characters on it, and opened up a dossier. And we can kind of, we can make an informed, intelligent guess. And we know, I know, from material that has been discovered in the, in the Czech archives in Prague that the StB, the Czech, Czechoslovak Communist intelligence agency began spying on Trump 'round about the period that he was dating and then of course married in 1977 Ivana, his first wife. Now this was pretty unusual. Clearly he was someone who was upwardly mobile in American business and for the spies in Prague he was a natural target. And the reason this is significant is of course that the Czech, Czechoslovak Security Services shared routinely their intelligence product with Moscow and with the KGB.

Max Bergmann:

So what's going on here? Was Trump some Soviet asset? The answer is almost certainly not. One thing to understand about the Eastern bloc is that everything was monitored. So it isn't that Ivana Trump was some mole or that Donald Trump secretly turned and became a KGB asset. But what it does mean is that Donald Trump was on the KGB's radar. Here's Luke Harding again:

Luke Harding:

These KGB guys were not crystal ball gazers. They didn't know that Trump was going to actually go all the way to the White House 30 years later. It's mainly they did it on everybody, and you bet on a lot of people and some will rise. There is something, I mean, the Soviet Union, its Russian successor, they are quite bureaucratic places and there is something about being in the system, which is important. It means you're a known quantity.

Max Bergmann:

So by the mid 1990s, Donald Trump was in huge financial trouble. Over the previous decade, he had been the talk of the town. He had rubbed shoulders with mobsters, been ever-present in the tabloids, and even got himself on the radar of the KGB. But all of this notoriety, all of this fame, was now in jeopardy. And so, Trump tried to stage a comeback. In 1995 one of his biggest companies held an initial public offering, an IPO, enabling the public to buy stock in his company. Trump predicted this would raise \$4 billion, enough to cover not just his personal debts, but the debt of his company.



Donald Trump:

This is such a big day for us. It's the New York Stock Exchange. It's going public and we're really very happy about it.

Max Bergmann:

Only that's not what ended up happening. The IPO raised just \$140 million, or about 1/30th of what he predicted, and it was enough to cover only a fraction of his personal debts and nowhere near enough to climb out of the massive hole he had dug. And that wasn't the end. Trump's casinos posted another \$66 million in losses in 1996, then \$42 million more in 1997. Trump managed all of this in a roaring economy, in a growing real-estate market. This wasn't during a recession or a downturn. This was the booming 1990s, and Trump was running a multi-billion-dollar real-estate empire into the ground through sheer mismanagement. The amazing thing is that Trump managed to do all this while developing a reputation for cutting corners. His company hired illegal immigrants to work on construction sites so they wouldn't have to pay taxes. He'd routinely stiff contractors, many of whom are still waiting on checks to this day. He'd get sued. Trump would countersue. Usually he would settle. Oh, and at least one of his casinos violated anti-money-laundering laws resulting in the largest fine in casino history. So how did Trump survive? His dad.

Donald Trump:

And it's not been easy for me. It has not been easy for me. And, you know, I started off in Brooklyn. My father gave me a small loan of \$1 million. I came into Manhattan and I had to pay him back and I had to pay him back with interest.

Max Bergmann:

But the reality is far more damaging for Trump's self-made persona. Thanks to his dad, Trump was earning more than \$1 million per year from the family company by the time he graduated from college. When Trump hit rough terrain in the '90s, Fred Trump spent the decade continually bailing out his son. And then things started to change. First, Trump's dad got older, and Trump started cannibalizing his father's empire for cash. In the mid-1990s, Donald Trump and his siblings started withdrawing more and more of their dad's money. Some of what they did was almost certainly illegal, and just about everything we know about this, we know thanks to one of the biggest bombshells of the Trump era: a 14,000-word story in *The New York Times*, diligently pieced together from hundreds of thousands of pages of records going back more than 30 years. The documents showed the Trump family using tools right out of a money launderer's playbook. They created shell corporations to do business with each other, skimming a bit off the top from every deal. They allegedly falsified tax reports so authorities wouldn't see how much money was really changing hands. They manipulated the values of their properties on financial



paperwork to drastically undersell their wealth, stiffing the government on hundreds of millions of dollars in taxes. All in all, according to *The New York Times*, Fred Trump passed more than \$1 billion to his children. Without all of these schemes, they would've had to fork over at least \$550 million of that to the US government, about half. Instead, they paid as little as \$50 million in taxes. So much for a very small loan. By 1997, Fred Trump had successfully transferred most of his empire to his children, almost entirely without paying any taxes. Once he passed away in 1999, Donald and his siblings were in complete control, and for most people losing their safety net might make them a bit more careful, but not Donald Trump. He just kept failing. By 2004, right as *The Apprentice*, a show designed to spotlight Trump's famous deal-making was starting, the Trump Organization was bankrupt again. This time around, Trump only survived by getting his siblings to sell off most of the family real-estate empire. His cut of the profits: \$177 million. By the early 2000s, Trump's father was gone. His real-estate empire was sold off, and Trump had burned most of his bridges to banks and other Wall Street investors. And after so many bankruptcies and failed deals, most banks refused to lend to him. Some people in Wall Street actually coined a term, "the Donald Risk," to explain why. One banker told *The Atlantic* magazine that, "if a major institution in New York, whether it was a Chase, or a Goldman, or a law firm, or something, wanted to have a building built, I can give you almost a 100% assurance that Donald would not be on the list." But somehow Trump just kept building and building. Between 1998 and 2012, the Trump Organization broke ground on a dozen projects. And these weren't in a bunch of podunk towns. They were new Trump projects all up and down the Florida coast and on prime riverfront real-estate in Chicago. A new Trump Tower at 40 Wall Street in New York, right across the street from the United Nations building. Trump SoHo, in one of Manhattan's trendiest neighborhoods. How did he do this? Well, two factors converged. First, in 2004, Trump landed a reality TV show, *The Apprentice*. It helped Trump get back on his feet, at least in the public eye. It was also lucrative. But just as important for Trump, it made him seem successful and helped rebuild his image and his brand. It didn't help for Wall Street, as they still saw him as a joke and as a bad bet. But for foreign investors, particularly for a new class of wealthy buyers and investors from Russia and the former Soviet Union, Trump was seen as the personification of American wealth. So, if you were conducting a counterintelligence investigation into Donald Trump, and you look at the 1980s and '90s, what you see is a man who cares deeply about money, cares even more about his image, was a master of keeping up appearances, who has delusions of grandeur, lies with impunity, has a fascination with mobsters, and wants to be a playboy. And now, as the '90s become the 2000s, he was turning his sights to cultivating the oligarch money pouring out of Vladimir Putin's Russia and the former Soviet Union. The question will soon become, who is cultivating whom?

-BREAK-

Max Bergmann:



Next week on The Asset: Putin's rise. We will take you through the fall of the Soviet Union, the rise in the '90s of a new class of uber-wealthy Russian elites, the oligarchs, and Putin's sudden rise to power. Once President Putin brings these oligarchs to heel, empowers intelligence services,

Angela Stent:

Even if you're physically weaker than your opponent, if you understand their weaknesses and you can take advantage of their own distraction, you can in fact prevail over them.

Max Bergmann:

... and creates a new system: The Sistema. Where everyone is vulnerable, everyone is compromised.

John Sipher:

There's sort of this unspoken set of rules among the oligarchs and people around the Kremlin that they're all complicit in some ways because the laws are so flexible there and everybody is sort of making money and everybody is, these handshake things. Everybody knows that they're vulnerable.

Max Bergmann:

And Putin sets out on his goal of reviving Russia as a great power.

Producer:

The Asset is a production of the Center for American Progress Action Fund, Protect the Investigation, and District Productive. Paul "Woody" Woodhull, Max Bergmann and Andrea Purse, executive producers, and Peter Ogburn, senior producer. The Asset is written by Max Bergmann and the good people at the Moscow Project: Jeremy Venook, Talia Dessel, and Siena Cicarelli. And the team at Protect the Investigation. And Paul "Woody" Woodhull and his cohort at District Productive. To learn more about Russian interference in the 2016 presidential election, go to themoscowproject.org and protecttheinvestigation.org. Please subscribe to the podcast on Apple podcasts or your favorite podcast app and please leave a rating and a review. Thank you.

[Ivanka Trump:](#)

I remember once my father and I were walking down Fifth Avenue and there was a homeless person sitting right outside of Trump Tower. And I remember my father pointing to him and saying, "That guy has \$8 billion more than me," because he was in such extreme debt at that point.