

# Faherty Affirmation

## Exhibit # 63

Deutsche Bank  
Wealth Management



Greg Khost  
Managing Director  
Private Wealth Management  
Deutsche Bank Trust Company Americas  
60 Wall Street  
NY, NY 10005

October 29, 2020

The Trump Organization  
725 Fifth Avenue  
New York, NY 10022  
Attention: Donald J. Trump, Jr.

Dear Mr. Trump:

Deutsche Bank Trust Company Americas (“DBTCA”) has recently become aware of certain public factual allegations concerning the accuracy of financial information and representations submitted to DBTCA in connection with various loan facilities extended to affiliates of the Trump Organization and subject to the personal financial guaranty of Donald J. Trump. These allegations have been raised, among other places, in public court filings by the Office of the New York Attorney General (“OAG”), as well as in public reporting by the *New York Times* related to certain tax return information reportedly obtained by that organization.

The factual allegations appear to directly relate to the accuracy of certain Statements of Financial Condition submitted to DBTCA in Donald J. Trump’s capacity as guarantor to the relevant loan facilities. The allegations pertain to, among other things, the value and other attributes of certain assets referenced in such Statements of Financial Condition, including but not limited to the Mansion at Seven Springs and the Trump National Golf Club in Los Angeles. Specifically:

- The OAG has alleged that “[v]aluations of [the Mansion at] Seven Springs were used to claim an apparent \$21.1 million tax deduction for donating a conservation easement on the property in tax year 2015, and in submissions to financial institutions as a component of Mr. Trump’s net worth.” See Memorandum of Law in Support of the Attorney General’s Special Proceeding and Application to Compel Respondents to Comply with Investigatory Subpoenas, NYS Supreme Court, Aug. 24, 2020, (Index No. 451685/2020) (ECF No. 11) (hereinafter, “OAG MOL”), at 1. The OAG alleges that “[b]etween approximately 1996 and 2014, Mr. Trump made various efforts to develop Seven Springs as a golf course, or to subdivide it for residential development. After

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these efforts failed or ceased, Mr. Trump decided to grant a conservation easement on Seven Springs, and thus apparently take an income tax deduction based on the lost development value of the property.” See OAG MOL, at 7 (internal citations omitted).

- The OAG’s filings also state that “[o]n March 15, 2016, Cushman [and Wakefield] issued a written appraisal that valued the property as of December 1, 2015. The March 2016 appraisal determined that Seven Springs was worth \$56.5 million as of December 1, 2015, before placement of the easement [on December 11, 2015], and further concluded that the easement’s value was \$21.1 million. Seven Springs LLC likewise identified the ‘appraised fair market value’ of the conservation easement as \$21.1 million on tax forms submitted to the IRS in 2016 reporting the claimed value of donated property for income tax purposes.” See OAG MOL, at 8 (internal citations omitted).
- With respect to the Trump National Golf Club Los Angeles, the OAG has alleged that “[t]he Trump Organization’s business portfolio includes a golf course and clubhouse in Los Angeles County, California, known as the Trump National Golf Club – Los Angeles (Trump Golf LA). On December 26, 2014, Mr. Trump executed an agreement whereby two Trump Organization entities, VH Property Corp. and VHPS LLC, granted a conservation easement over 11.54 acres of its property to the Palos Verdes Peninsula Land Conservancy. On March 4, 2015, Cushman [and Wakefield] issued a written appraisal that valued the property as of December 26, 2014. The appraisal determined that the Trump Organization’s holdings were worth \$107 million before placement of the easement, and further concluded that the easement’s value was \$25 million.” See OAG MOL, at 11 (internal citations omitted).

In addition to these public allegations raised by the OAG, the *New York Times* has recently reported that Donald J. Trump’s personal tax returns have been the subject of an IRS tax audit since approximately 2009 and that this audit apparently relates, at least in part, to questions the IRS has raised regarding a \$72.9 million tax refund claimed in 2010. See Russ Buettner, Susanne Craig and Mike McIntire, *Long-Concealed Records Show Trump’s Chronic Losses and Years of Tax Avoidance*, N.Y. TIMES (Sept. 27, 2020). The *New York Times* has reported that an unfavorable determination could result in the imposition of a tax assessment in the range of \$100 million.

In light of these public disclosures and reports, DBTCA is conducting additional diligence to verify the accuracy of representations that have been provided to DBTCA. Specifically, we request that you or your representatives provide answers to the following questions as soon as possible, but in no event later than November 13, 2020:

- At what point did the Mansion at Seven Springs become subject to a conservation easement?
- We note that, after 2015, the Mansion at Seven Springs was included in the “Other Assets” category of Statements of Financial Condition provided to DBTCA, and a



specific valuation of the property was not provided. Please indicate the value of the Mansion at Seven Springs included within Mr. Trump's Statements of Financial Condition submitted to DBTCA from 2013 to 2019 and briefly explain any material change in the valuation versus the prior year, including the impact of the easement on the property value.

- Is the OAG's filing correct that the Trump Organization received an assessment of the Seven Springs property as of December 1, 2015 valuing the property at \$56.5 million? If so, please explain any difference in valuation between this value and the value attributed to the property on the relevant Statements of Financial Condition.
- Based on local zoning laws, how many homes is the Seven Springs property zoned for? How, if at all, has this number changed over the years?
- Please provide any additional information you believe may be relevant to our review of representations made to DBTCA in connection with the value of the Seven Springs property.
- With respect to the Trump National Golf Club Los Angeles, our review of Mr. Trump's Statements of Financial Condition from June 2015 onwards show that the statements do not discuss an apparent 2014 conservation easement referenced in the OAG's public filings, and note that the property was zoned for the development of home sites. Please explain the apparent discrepancy.
- With respect to Mr. Trump's personal financial condition, please provide a detailed description of any tax credit or benefit, valued at \$10mm or more (hereinafter, a "Material Tax Benefit"), currently subject to audit by state or federal tax authorities, the status of such audit (including the anticipated timeframe for resolving the audit), and whether such audit—including any potential adverse tax-related determinations—could impact Mr. Trump's ability to perform his contractual obligations as Guarantor of the outstanding DBTCA loan facilities, including but not limited to any minimum liquidity maintenance requirements.
  - Please include whether there have been any adverse tax-related determinations, valued at \$10mm or more (hereinafter, a "Material Tax Determination"), against Mr. Trump, including but not limited to any adverse determinations that he is now contesting. If there have been adverse determinations, identify the circumstances and the date that they took place.
  - Please also describe and quantify any liquid assets Mr. Trump has set aside in the event that he receives an unfavorable Material Tax Determination, and whether this is reflected in any of the Statements of Financial Condition submitted to DBTCA?



- Please describe any other Material Tax Determinations that Mr. Trump is contesting or has contested between 2010 to the present, including, but not limited to, disputes with local, state, federal, and foreign governmental authorities. To the extent that these disputes have not been disclosed to DBTCA, please provide an explanation for the non-disclosure.
- Are any of Mr. Trump's borrowing entities currently the subject of an audit by any state or federal tax authority? If so, please describe any Material Tax Benefit subject to audit, as well as any previous, current, or foreseeable Material Tax Determination.

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Please note that DBTCA continues to review these matters and related public allegations and such review may prompt additional questions on these and/or other issues. Your prompt attention to these matters is appreciated.

Sincerely yours,

Greg Khost  
Managing Director