

**EXHIBIT 13**

ORIGINAL

SURROGATE'S COURT:

QUEENS COUNTY

-----X

PROBATE PROCEEDING,

WILL OF

File No.

FRED C. TRUMP,

3949-99

Deceased.

-----X

February 24, 2000

9:53 a.m.

Examination of ROBERT S. TRUMP, taken by respondent, held at the offices of Stephen J. Schwartz, P.C., 3000 Marcus Avenue, Lake Success, New York, pursuant to Section 1404, before Lisa Stein, a Shorthand Reporter and Notary Public within and for the State of New York.

1 R. Trump

2 A F T E R N O O N S E S S I O N

3 (1:00 p.m.)

4 R O B E R T S. T R U M P,

5 having been previously sworn, resumed the

6 stand and testified further as follows:

7 CONTINUED EXAMINATION

8 BY MR. BARNOSKY:

9 Q. We were talking a lit bit this morning  
10 about some of the entities in which my clients had  
11 an interest in and you said Midland. I think you  
12 said that there were no entities in which my  
13 clients had an interest and in which your father  
14 also had an interest at the time he died?

15 A. I don't believe so.

16 Q. My clients have an interest in something  
17 called Beach Haven and Shore Haven. Do you know  
18 that?

19 A. I'm not aware of that, no.

20 Q. But that's something which your father  
21 had an interest --

22 A. I don't know, I'm sorry.

23 Q. Did your father have an ownership  
24 interest in Beach Haven and Shore Haven?

1 R. Trump

2 A. Yes, he owned Beach Haven and Shore  
3 Haven.

4 Q. But you don't think Fred and Mary, my  
5 Fred and Mary, had an interest in that?

6 A. I believe they're part -- I believe they  
7 inherited from their father part of the ground  
8 lease underlying those developments along with my  
9 brothers and sisters. And that's the ground lease  
10 with the tenant being Beach Haven and Shore Haven.

11 Q. So the ground lease is not something  
12 your father had an interest in?

13 A. That's correct.

14 Q. So you think it is a correct statement  
15 that there were no entities in which your father  
16 had an interest simultaneously with Fred and Mary  
17 having an interest?

18 A. I believe that's correct.

19 Q. Are there any Trump family entities or  
20 partnerships, corporations that are payees of any  
21 of the partnerships which we've seen the documents  
22 on? In other words, you know what I'm saying, I  
23 saw, for example, there are lots of checks going  
24 out to Trump Management from the various entities,

1 R. Trump

2 Trump Management obviously is the management  
3 company, and that was owned by your father; right?

4 A. That's correct.

5 Q. So that's just going from one pocket to  
6 the other?

7 A. Uh-huh.

8 Q. Is that right?

9 A. That's correct.

10 Q. There was something called Trump  
11 payroll, same sort of thing, going from your  
12 father's money to other pockets of your father's  
13 money?

14 A. That was the payroll disbursement arm,  
15 if you will.

16 Q. But was there any monies, and I've got  
17 records of all these entities for the three years,  
18 are there any monies going from the entities in  
19 which your father owned to other entities in which  
20 other Trump family members have an interest?

21 A. I don't believe during the two-year  
22 period. I don't believe during the first two-year  
23 period.

24 Q. Do you know that for a fact?

1 R. Trump

2 A. I don't know it for a fact.

3 Q. There are entities within -- that other  
4 Trump family members have an interest that there  
5 were checks coming from the various partnership  
6 interests?

7 A. Which I believe were created later after  
8 the two-year period.

9 Q. What are the names of those entities?

10 A. One is Apartment Management Associates,  
11 which manages the apartment --

12 MR. LAURINO: Is this beyond the  
13 two-year period?

14 MR. BARNOSKY: He said he wasn't sure.

15 THE WITNESS: I believe it is.

16 Q. Well, if I can just get the names, I can  
17 then check the checkbooks. I won't pry. Just  
18 give me the names.

19 A. The other is All County Building Supply.

20 Q. Well, I can assure you there are checks  
21 during the two-year period to All County Building  
22 Supply. Tell me about All County Building  
23 Supply.

24 A. It's a purchasing -- in essence, a

1 R. Trump  
2 purchasing company set up to acquire goods,  
3 services, sort of combining the purchasing power  
4 of the whole company. Rather than the system of  
5 having each individual building order individually  
6 its particular building needs, we started buying  
7 on a wholesale basis, and then -- from vendors,  
8 from suppliers, and then selling that off to the  
9 entities.

10 Q. And that's a corporation, All County  
11 Building -- it's actually All County Building  
12 Supply and Maintenance?

13 A. I don't know if it's a corporation or a  
14 partnership. I'm not sure.

15 Q. Who owns that?

16 A. My two sisters, my brother, myself, and  
17 my cousin John Walter.

18 Q. And did you have anything to do with the  
19 setting up of that corporation?

20 A. I was -- yes, I was involved.

21 Q. Were there attorneys involved?

22 A. Yeah, there likely were, but I can't  
23 tell you who it was. I wouldn't know who it was.

24 Q. And so was one of the purposes of -- All

1 R. Trump

2 County Building Supply in addition to having the  
3 business purpose of centralized purchasing power,  
4 if you will, could mark up and generate a profit  
5 on its own?

6 A. That's correct.

7 Q. And that was one of the other purposes?

8 A. It was a purpose also, yes.

9 Q. So to the extent that that markup was  
10 created at a level outside of your father's  
11 entity, in effect it had the effect of decreasing  
12 his estate; right?

13 A. Possibly to some extent offsetting that  
14 is the fact that by buying through a third-party  
15 vendor items of supply, plumbing fixtures, things  
16 like kitchen cabinets, et cetera, my father's  
17 company was able to increase the rents that he  
18 charges for the apartment units under what they  
19 call MCI, major capital improvement. And if you  
20 do renovations through an outside third-party  
21 company, you can then increase the rent on a  
22 particular unit one-fortieth the cost of the  
23 improvement; and then over the first 40 months you  
24 could receive back the amount that was paid in the



1 R. Trump  
2 form of rent. After that 40-month period, the  
3 rent stays at the same level, it doesn't get  
4 rolled back, so really the estate at that point  
5 is ~~isn't~~<sup>the</sup> beneficiary of having done that transaction.

6 Q. Who initiated the idea of this All  
7 County building?

8 A. I would say probably it was my idea.  
9 Mine, I think, in consultation with our lawyers,  
10 with our outside auditors. I know John Walter was  
11 involved as well.

12 Q. We're going to go over -- I have a  
13 statement for September of '93, and there were  
14 payments being made then. The entity was  
15 obviously then created prior to that.

16 Did Mr. Sheehan have anything to do with  
17 this?

18 A. No, he didn't.

19 Q. Mr. Durben, to your knowledge?

20 A. I would say, yes, they were probably  
21 involved. I don't know if it was Mr. Durben or  
22 Mr. Tosti.

23 Q. Involved in the mechanics of the  
24 creation?

1 R. Trump

2 A. The creation and also the discussion  
3 leading up to the creation of that, of the entity.

4 Q. Are there any agreements that exist for  
5 the shareholders of All County, any shareholder  
6 agreements, to your knowledge?

7 A. There probably are. I don't know where  
8 they would be.

9 Q. Are there contractual agreements between  
10 All County and the Trump Organization, if you  
11 will, as to being the exclusive purchasing agent  
12 and the level of markups, that sort of thing?

13 A. There would be agreements back and  
14 forth, but I don't recall what those agreements  
15 contained.

16 Q. Was this done as part of the project  
17 that you were talking about, one of the projects  
18 were these capital improvements on many of the  
19 buildings?

20 A. In part, it was done in part to do  
21 that. And we found that by each individual  
22 building buying its own supplies, its own  
23 maintenance, there was no centralized control;  
24 there was nobody telling the building

1 R. Trump

2 superintendent what he could order or could not  
3 order. So we felt the large combined purchasing  
4 power, which we were not taking advantage of, so  
5 we decided to take advantage of it.

6 It also relates to some of the capital  
7 improvements to the extent we could increase the  
8 cost of items and then get higher rents within the  
9 various entities.

10 Q. Is McFar -- did you ever hear of that,  
11 M-c-f-a-r, is that another family-owned entity?

12 A. No, it's not.

13 Q. That's a third party?

14 A. A third-party contractor.

15 Q. The other name that you gave?

16 A. Apartment Management Associates.

17 Q. What did that do?

18 A. It created, I believe, later, but it's  
19 in the business of managing the individual  
20 developments. What Trump Management, Inc. had  
21 really done we shifted the focus over to Apartment  
22 Management Associates.

23 Q. So, in effect, you took the money that  
24 was being paid from the entities to Trump

1 R. Trump

2 Management, which was owned by your father, and  
3 that money went to a company controlled by people  
4 other than your father?

5 A. That's correct.

6 Q. Are those the only two names you can  
7 think of?

8 A. I believe so, yes.

9 Q. When was it that -- I'm sorry, that  
10 other name was Apartment?

11 A. Management Associates.

12 Q. Did this All County Building also act as  
13 the purchasing agent for Midland?

14 MR. LAURINO: Excuse me, we're going  
15 back again to something that does not belong  
16 in the estate. You know, I didn't object.  
17 This is a probate proceeding, not an  
18 accounting proceeding.

19 MR. BARNOSKY: I understand that.

20 MR. LAURINO: You may understand it, but  
21 you keep diverting back to Midland and he's  
22 not going to answer any questions about  
23 Midland.

24 MR. BARNOSKY: You have estate assets,

1 R. Trump  
2 what was at one point estate assets, being  
3 diverted, if you will, to entities not  
4 controlled by the decedent; and to that  
5 extent, in effect, this is part of an overall  
6 testamentary plan. I would submit, may be  
7 good estate planning, but it got money out of  
8 Fred Trump's estate and someplace else.

9 MR. LAURINO: And at the appropriate  
10 time when you prevail at that time you can  
11 start an action for a judicial accounting.

12 MR. BARNOSKY: I'm not looking for  
13 numbers. I'm looking to find --

14 MR. LAURINO: Or you can dissolve the  
15 partnership.

16 MR. BARNOSKY: I think I'm allowed to  
17 inquire as part of a pattern of what was  
18 happening here. This is the pattern of the  
19 planning; whose idea was it and who set it up  
20 and everything.

21 DI MR. LAURINO: I'm going to object and  
22 I'm going to direct that he not answer.

23 MR. BARNOSKY: Let's mark --

24 MR. LAURINO: This is not a judicial

1 R. Trump

2 accounting.

3 MR. BARNOSKY: I told you I was aware of  
4 that.

5 Let's mark -- and I apologize, I don't  
6 have multiple copies of some of these because  
7 I wasn't sure I was going to use them. This  
8 is from the documents that were produced.  
9 It's called cash disbursements for an entity  
10 called Beach Haven Management for September  
11 1993. Let's mark it, and I'm just going to  
12 refer to it.

13 (Respondent's Exhibit 86, cash  
14 disbursements for Beach Haven Management for  
15 September 1993, marked for identification, as  
16 of this date.)

17 Q. You'll see on the first page there are  
18 three entities to that All County. That's the All  
19 County we're talking about; right?

20 A. Yes.

21 Q. And those are payments made from -- I  
22 just randomly picked one entity -- to All County?

23 A. That's correct.

24 Q. Prior to the establishment of All

1 R. Trump

2 County, those payments -- the purchasing was being  
3 done directly to the vendors?

4 A. Yeah, albeit a higher price.

5 Q. Albeit a higher price, but here  
6 presumably All County would buy what you say is a  
7 lower price, then there would be a markup on its  
8 charge to the various Trump entities; right?

9 A. Yes, but I'm not sure the Trump entities  
10 wound up paying more. The purchasing power, as I  
11 said, more than offset in many cases, if not all  
12 cases, certainly many of the cases, offset the  
13 markups that All County was receiving.

14 Q. I understand.

15 A. And, again, in some cases it was  
16 beneficial; the higher the markup would be, the  
17 higher the rent that might be charged on  
18 particular apartments, or the greater the tax  
19 reductions could be on the development under the  
20 City's J-51 plan.

21 Q. But All County could have been set up  
22 with your father owning it and achieved the same  
23 purpose?

24 A. Theoretically. No, it actually could

1 R. Trump

2 not because then you could not take advantage of  
3 the rent increases nor could you take advantage of  
4 the tax reductions. It had to be a third-party  
5 entity doing the work.

6 Q. Do you know -- you said you didn't know  
7 exactly when All County was created.

8 MR. BARNOSKY: I'm going to mark as the  
9 next exhibit cash disbursements for the same  
10 Beach Haven for January '93.

11 (Respondent's Exhibit 87, cash  
12 disbursements for Beach Haven for January  
13 '93, marked for identification, as of this  
14 date.)

15 Q. This is January '93. You'll see again  
16 on the first page some disbursements to All  
17 County.

18 A. Okay.

19 Q. Suggesting that All County was in  
20 existence at least as early as January of '93;  
21 right?

22 A. That would be correct, yes.

23 Q. I'm going to -- I'm not going to burden  
24 you with going through every document.



1 R. Trump

2 A. Thank you.

3 Q. Would it be fair to say that once you  
4 established All County as the purchasing agent,  
5 that the purchases for all of the entities would  
6 have been through All County just as we're now  
7 seeing happened with Beach Haven?

8 A. I believe so.

9 Q. And I'm going to find the same kind of  
10 entries in all of those other entities to the  
11 extent they had purchasing requirements?

12 A. Right.

13 Q. Tell me about -- and I'm going to go  
14 through and see if we can find out exactly when  
15 that started.

16 A. We can look it up for you, in all  
17 fairness.

18 Q. I think I have it here. I just didn't  
19 know that that was relevant when I was going  
20 through it, so I have to find the earliest entry.

21 Did your father participate in the  
22 discussions about the creation of this All County  
23 mechanism?

24 A. Yes.

1 R. Trump

2 Q. Do you recall when the first such  
3 conversation took place?

4 A. I don't recall, no.

5 Q. Do you remember who was present?

6 A. We had several meetings in connection  
7 with the possible setting up of this. The  
8 earliest meeting I recall included Jack Mitnick  
9 Irwin Durben, Vincent Tosti, John Walter and  
10 myself, that would be -- I think is the group that  
11 was there to talk about it from a, you know, a tax  
12 legal standpoint.

13 Q. Were there any memoranda that you ever  
14 saw prepared on this subject by counsel or  
15 otherwise as to what the plan would be, what the  
16 goals it would achieve, what tax savings might  
17 result?

18 A. Not that I'm aware of, no.

19 Q. At the conversation, at the meeting,  
20 were there conversations about the goal to be  
21 achieved by the creation of this entity?

22 A. You know, I don't have a specific  
23 recollection, but I assume we discussed some of  
24 the advantages of doing this.

1 R. Trump

2 Q. At some point there were discussions  
3 about the advantages?

4 A. At some point. And I assume we wouldn't  
5 have done it if we didn't think there were  
6 advantages.

7 Q. And you had mentioned a couple of the  
8 advantages, the centralized buying power which  
9 enabled you to buy at a lower price; right?

10 A. Right.

11 Q. Also the ancillary benefit of getting  
12 profit to downstream, if you will, from your  
13 father's estate, that was an advantage?

14 A. Indirectly. Really not an advantage per  
15 se, but I guess to the extent it made my father's  
16 profitability smaller in theory, it reduced his  
17 estate taxes, so in some way there's a balance --

18 Q. Anything else said about the goals to be  
19 accomplished?

20 A. No. Just about doing it. And my father  
21 was in full agreement. He thought it made  
22 actually wonderful sense. He said he probably  
23 should have done it sooner.

24 Q. And this was your idea?

1 R. Trump

2 A. I don't know whose idea it was.  
3 Certainly one of the key people involved. I don't  
4 know if it was my sole idea. The light bulb  
5 didn't just go off. It was a collective view.

6 Q. Was your father an officer or director  
7 of All County?

8 A. No, he was not.

9 Q. Maybe I will ask you. We'll leave a  
10 space in the record and if you could provide the  
11 date of the incorporation of All County. I seem  
12 to be able to go back as far as November of '92  
13 and see some payments. And I also would like the  
14 date of the incorporation of that other entity  
15 that you mentioned. Okay?

16 A. I will.

17 (INSERT.) \_\_\_\_\_  
18 \_\_\_\_\_

19 MR. BARNOSKY: Off the record.

20 (Discussion off the record.)

21 MR. BARNOSKY: I'm going to mark as the  
22 next exhibit a list of doctors that we  
23 developed out of your father's records as the  
24 next exhibit.

1 R. Trump

2 relationship, to the extent it existed, between  
3 himself and Fred and Mary's mother?

4 A. Not during this five-year period, no.

5 Q. Did your father provide, to your  
6 knowledge, any financial benefits to my clients'  
7 mother?

8 A. I believe he did, yes.

9 Q. Apartment?

10 A. There were a variety of benefits.

11 Q. Did he have any relationship with her,  
12 to your knowledge?

13 A. He did not.

14 Q. Did your mother?

15 A. She did not.

16 MR. BARNOSKY: Why don't you just give  
17 me five minutes.

18 (Recess taken.)

19 RQ Q. I'm through. I would just like to, on  
20 the record, request the documents on All County  
21 Management, its shareholders' agreement, and any  
22 contractual arrangements between entities in which  
23 your father had an interest, and to the extent  
24 that they exist during the five-year period on

1 R. Trump

2 both of those corporations.

3 MR. LAURINO: We'll furnish you with the  
4 dates. And I think one of them is in '94.  
5 And that's essentially the reason why you  
6 don't have any records on that one. And if  
7 it's '94, we'll give you the date, but  
8 nothing more than that.

9 MR. BARNOSKY: I understand.

10 MR. LAURINO: But if my records are  
11 correct, you were going to furnish me with  
12 copies of '85 through '89.

13 MR. BARNOSKY: Yeah, we can either do  
14 that right now or send it to you.

15 MR. LAURINO: You can send it to me.

16 (Continued on the following page.)

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