

SUPREME COURT OF THE STATE OF NEW YORK  
COUNTY OF NEW YORK

MARY L. TRUMP,

*Plaintiff,*

v.

DONALD J. TRUMP, in his personal capacity,  
MARYANNE TRUMP BARRY, and the executor  
of the ESTATE OF ROBERT S. TRUMP, in his  
or her capacity as executor,

*Defendants.*

Index No. \_\_\_\_\_

**COMPLAINT**

Plaintiff Mary L. Trump (“Mary”), by and through her attorneys, alleges as follows:

**INTRODUCTION**

1. For Donald J. Trump, his sister Maryanne, and their late brother Robert, fraud was not just the family business—it was a way of life. Beginning in the 1980s, these siblings took control of the New York City real estate empire that their father Fred Sr. had built, and exploited it to enrich themselves at the expense of everyone around them. They concocted scheme after scheme to cheat on their taxes, swindle their business partners, and jack up rents on their low-income tenants.

2. This case is brought by a victim closer to home—their niece Mary. Mary’s father, and their brother, Fred Trump Jr., died in 1981 when Mary was just sixteen years old. Upon his death, Mary inherited valuable minority interests in the family business. Donald, Maryanne, and Robert committed to watch over her interests as fiduciaries. They lied. Rather than protect Mary’s interests, they designed and carried out a complex scheme to siphon funds away from her interests, conceal their grift, and deceive her about the true value of what she had inherited.

3. When Mary’s grandfather Fred Sr. died in 1999, Donald, Maryanne, and Robert moved to squeeze Mary out altogether. They threatened to bankrupt Mary’s interests and terminated the health insurance that was keeping her nephew—an infant with cerebral palsy—

alive. Then they presented her with a stack of fraudulent valuations and a so-called settlement agreement, and forced her to sign. All told, they fleeced her of tens of millions of dollars or more.

4. The fraud perpetrated by Donald, Maryanne, and Robert only began to come to light following publication of an investigative report by the *New York Times* in October 2018.<sup>1</sup> But it began decades earlier, in secret, unbeknownst to Mary.

5. In 1981, following the death of their father, teenage Mary and her brother Fred Trump III (“Fred III,” and together with Mary, the “Minority Stakeholders”) each inherited various minority interests in the Trump property empire. Neither Mary nor her brother had more than cursory knowledge or understanding of the nature or value of those interests or the assets to which they related. They had no involvement in how their interests were managed and did not participate in the underlying business in any way. Instead, the Minority Stakeholders’ interests were controlled by Defendants Donald J. Trump, Maryanne Trump Barry, and Robert Trump (together, “Defendants”) and those loyal to them, who also controlled, managed, and operated the overall business empire, and had near-exclusive access to information.

6. More specifically, because Mary was a teenager at the time of her father’s death, Irwin Durben was appointed to act as a trustee on Mary’s behalf. At the time, Durben was already an old hand in Trumpworld. Durben had been Fred Sr.’s attorney since the 1950s; a fiduciary to various Trump family trusts; a senior executive at various corporate entities associated with the Trump property empire, which were managed and controlled by Defendants; and Donald’s personal attorney. In short, he was irredeemably conflicted. Led primarily by Donald, Defendants conspired with Durben and interfered with his discharge of his duties to Mary. As a result, on

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<sup>1</sup> See David Barstow, Susanne Craig & Russ Buettner, *Trump Engaged in Suspect Tax Schemes as He Reaped Riches From His Father*, N.Y. TIMES, Oct. 2, 2018, <https://www.nytimes.com/interactive/2018/10/02/us/politics/donald-trump-tax-schemes-fred-trump.html>.

information and belief, Durben deferred to Donald with respect to decision-making, favored Defendants' interests over Mary's, and ultimately acquiesced in Defendants' campaign to squeeze her out of the family business entirely. (Durben passed away in 2016 with no obituary or publicity.)

7. By the 1990s, Defendants were maneuvering to take control of Fred Sr.'s empire. Fred Sr. was approaching his nineties. Gripped with Alzheimer's dementia, Fred Sr. was increasingly prone to bouts of confusion and memory loss and progressively less able to participate in the management of the Trump family business. His decline presented Defendants with an opportunity to position themselves to profit from his impending death. And while at first they competed with one another—with palace intrigue reminiscent of the HBO series *Succession*—ultimately Defendants worked together to consolidate their power and advance their own interests at the expense of everyone else, including Mary.

8. In 1991, Donald secretly approached Durben and enlisted him to draft a codicil to Fred Sr.'s will that would have put Donald in complete control of Fred Sr.'s estate. Even though he was chief counsel to Fred Sr., Durben agreed to do Donald's bidding. When the codicil was presented to Fred Sr. for his signature, in a moment of lucidity, Fred Sr. became suspicious and rejected the codicil. But Maryanne finished the job, procuring a revised will that named the three Defendants the executors of Fred Sr.'s estate (the "1991 Will").

9. Four years later, in 1995, Robert procured from Fred Sr. a sweeping power of attorney giving Robert the power to act in Fred Sr.'s "name, place and stead." While Robert already exercised significant power in Fred Sr.'s empire, the power of attorney gave him explicit authority over all aspects of Fred Sr.'s affairs and business, including "real estate transactions," "banking transactions," "business operating transactions," "estate transactions," and "records, reports, and statements."

10. Having secured the loyalty of Mary's trustee and cemented control over Fred Sr.'s business empire and forthcoming estate, Defendants conspired with each other and those loyal to them to abuse their dominant position for their own benefit, breach the trust that had been placed in them, and defraud Mary out of what was rightfully hers.

11. More specifically, Defendants perpetrated three fraudulent schemes against Mary. Each scheme was a fraud in itself, but they also built on one another. *First*, Defendants fraudulently siphoned value from Mary's interests to entities Defendants owned and controlled, while disguising those transfers as legitimate business transactions (the "Grift"). *Second*, Defendants fraudulently depressed the value of Mary's interests, and the net income they generated, in part through fraudulent appraisals and financial statements (the "Devaluing"). *Third*, following Fred Sr.'s death, Defendants forced Mary to the negotiating table by threatening to bankrupt Mary's interests and by canceling the healthcare policy that was keeping Fred III's infant son alive, and once at the table Defendants presented Mary with a stack of fraudulent valuations and financial statements, and a written agreement that itself memorialized their fraud, and obtained her signature (the "Squeeze-Out"). Through each of these schemes, Defendants not only deliberately defrauded Mary out of what was rightfully hers, they also kept her in the dark about it—until now.

12. **Part 1: Grift.** Defendants used various methods to siphon millions of dollars from Mary's interests to their own, and to conceal those transfers as legitimate business transactions. Take for example All County Building Supply & Maintenance ("All County")—a sham corporation Defendants set up in 1992. Put simply, All County inserted itself between Trump companies that operated real estate interests like apartment buildings and the suppliers who provided appliances and other items to apartments in those buildings. All County purchased the items at pre-negotiated prices, and then issued padded invoices marking those prices way up to the

Trump operating companies. Defendants pocketed the difference. Transaction by transaction, money was siphoned from the Trump operating companies, which had other stakeholders like Mary, and into Defendants' accounts. All County was just one scam among many. (In addition, as the *New York Times* reported, the All County scam was one of the ways Defendants avoided inheritance taxes, and the marked-up invoices also helped the Trumps justify rent hikes on their low-income tenants.)

13. At the same time, Defendants paid themselves disguised cash distributions from entities in which Mary had an interest in the form of exorbitant management fees, consulting fees, and salaries. They used other management entities they operated, including Trump Management, Inc. ("Trump Management") and Apartment Management Associates Inc. ("Apartment Management"), to levy the fees, lend them apparent legitimacy, and cover their tracks.

14. Defendants also issued "loans" from companies in which Mary had an interest to other entities that Defendants owned and controlled. In reality, those purported loans too were just disguised cash distributions—unlike genuine loans, they included no terms of repayment, failed to impose an obligation to pay interest, and/or charged preferential rates untethered from those that would be negotiated in an arm's-length transaction. Defendants engaged in various other undisclosed and concealed self-dealing to Mary's detriment.

15. **Part 2: Devaluing.** As Defendants siphoned millions of dollars from Mary's interests, they also conspired to drive down the book value and net income of those interests. To some extent this was inherent in the Grift—by siphoning value from Mary's interests while disguising the transfers as legitimate transactions, Defendants were already concealing and understating the true value of the Mary's interests. But that was not enough.

16. Enter Robert Von Ancken. Von Ancken was a New York City real estate appraiser. He had worked with Defendants for decades as what might charitably be called a “friendly” appraiser: Rather than valuing an interest according to professional standards, he would inflate or deflate the valuations, manipulating his methodologies and inputs, in accordance with the Trumps’ desires. Donald had first enlisted Von Ancken’s services as early as 1981 to avoid having to pay taxes on his piece of Mary’s father’s estate. After Von Ancken proved his worth in undervaluing family assets then, Defendants continued to conspire with Von Ancken and to use his fraudulent appraisals to grossly understate the value of the Mary’s interests. Year after year, Mary was provided, through Durben, with false and misleading financial statements based on Von Ancken’s valuations. In so doing, Defendants fostered the impression that everything was okay, that they were watching over her interests.

17. By the time Fred Sr. died on June 25, 1999, Defendants had already siphoned millions of dollars from Mary’s interests and further devalued her interests with false and misleading valuations and financial statements. Because Mary’s interests were enormously valuable, however, significant value yet remained. Indeed, even as late as 1999, Mary’s interests included at least the following:

- a. Over 1,729,250 square feet of prime real estate in Brooklyn, improved by at least 58 apartment buildings. The land was divided between two enormous developments: a forty-acre development known as Beach Haven, in whose land Mary had a 10% interest, and a thirty-acre development known as Shore Haven, in whose land Mary had a 5% interest (collectively, the “Land Interests”). Mary’s brother had equal minority interests in Beach Haven and Shore Haven, and Defendants collectively held the remainder. Defendants also owned and controlled the entities that operated Beach Haven and Shore Haven pursuant to long-term leases, but importantly, Mary would receive a share in the valuable buildings on the land when they reverted to her as a co-owner on the expiration of the leases.
- b. A group of partnerships and entities known as the Midland Associates Group (collectively, “Midland”), which the Trump family referred to as “the mini-empire.” Midland held at least 357 unsold apartments units in

cooperative buildings in Brooklyn and Queens, in addition to certain cash reserves; 1.5% of a sprawling 153-acre complex of 46 buildings and 5,881 apartments in Brooklyn; approximately \$10 million in receivables; and half of the land leased to a McDonald's franchise in Brooklyn. Mary had 10% interest in Midland (the "Midland Interests"). Again Mary's brother had equal minority interests in Midland, and Defendants collectively held the remainder.

Mary also had a trust that had been set up for her by her grandfather in 1976, and was a beneficiary of her grandfather's estate (collectively, the "Trust and Estate Interests," and, together with the Land Interests and the Midland Interests, "Mary's Interests" or "Interests").

18. **Part 3: The Squeeze Out.** Fred Sr. died in June 1999. Although she had no knowledge of Defendants' fraudulent schemes at the time, she was concerned that Fred Sr. had not been of sound mind when the 1991 Will was finalized.

19. In a series of meetings between July and October 1999, Robert tried to force Mary to consent to probate notwithstanding her concerns. At one meeting in October 1999, at the Drake Hotel at 56th Street and Park Avenue in New York City, for example, Robert threatened that Defendants would bankrupt Midland if Mary did not comply with their demands, stating that Defendants would "leave you paying taxes on money you don't have for the rest of your lives."

20. At first, Mary refused to give in, and on March 23, 2000, Mary and Fred III filed objections to probate. At the recommendation of Durben, the Minority Stakeholders engaged John Barnosky as their litigation counsel. At the time, Mary trusted Durben and had no idea that he was colluding with Defendants in their campaign to squeeze her out. Throughout the litigation and subsequent settlement discussions, whether because he had conflicted loyalties, or because he too was duped by Defendants, Barnosky did not keep the Minority Stakeholders fully informed of material information and ultimately pursued and facilitated a settlement without ensuring that his client had complete and accurate information.

21. After Mary filed objections to probate, Defendants ratcheted up the pressure. At Maryanne's suggestion, Defendants cut off the Minority Stakeholders' health insurance. This was an act of unfathomable cruelty. Fred III's third child, William, had been born just hours after Fred Sr.'s funeral. The child would later be diagnosed with cerebral palsy. At just one day old, William started having seizures, and he remained in the neonatal intensive care unit for months afterward. Even after William left intensive care, he required round-the-clock nursing care. More than once, a seizure put him in a state of cardiac arrest so severe that he would not have survived without CPR. Mary felt an unbreakable bond to her nephew William, and felt compelled to ensure his health and safety.

22. Everyone in the Trump family was provided medical insurance from birth by Trump Management. Consistent with that longstanding family agreement and understanding, when William had first fallen ill, Robert had promised Fred III that the family would take care of everything. And Fred III depended on this insurance to pay for his newborn son's crushing medical expenses. When Defendants canceled that insurance in retaliation for the Minority Stakeholders' objections to probate, Mary and Fred III were forced to commence a separate action against Defendants to reinstate young William's health insurance.

23. As the pressure increased, and as attorneys' fees mounted, Defendants exploited the opportunity to squeeze Mary out of her Interests altogether. Defendants told her they would not resolve any of their disputes unless she relinquished her Interests completely, including the Midland Interests and the Land Interests, which had nothing to do with the litigation.

24. During the discussions that followed, Defendants doubled down on their prior fraudulent misrepresentations. Defendants provided Mary with estate accounting, financial statements, and valuations riddled with deliberate falsehoods about Mary's Interests. Defendants

misrepresented the expenses and costs associated with Mary's Interests, the net income they generated, as well as their underlying value. Meanwhile, Defendants continued to misrepresent the value of Fred Sr.'s estate in general—stating that it was cumulatively worth no more than thirty million dollars.

25. Of course, given their dominant ownership and management role, Defendants had special knowledge with respect to the operation of the empire in which Mary had Interests, the revenue it generated and its associated costs, and its underlying value. In other words, they knew that all of their representations and omissions were materially false and misleading. That was the whole point.

26. In reliance on the false and misleading representations Defendants had provided, grossly understated values were imputed separately to each of Mary's Interests—both the Estate Interests that were at issue in probate proceedings, and the Midland and Land Interests that Defendants were separately demanding that Mary relinquish.

27. In reliance on the same misrepresentations, documents were drawn up that, among other things, purported to deprive Mary of her Interests at grossly fraudulent valuations (the "Purported Agreements"). In reality, Mary's Interests were worth tens of millions of dollars more than what Defendants represented to her and what she received.

28. The Purported Agreements set Defendants' misrepresentations and omissions in stone. They expressly referred to, and incorporated by reference, decades of representations made by Defendants, which the Minority Stakeholders relied on in entering the Purported Agreements. Those documents both concluded and encapsulated the fraud.

29. In the years that followed, Defendants continued to conceal their fraud and misconduct, which began to come to light for the first time in October 2018.

30. In short, Mary Trump was a teenager who inherited Interests of extraordinary value upon the premature death of her father. Her aunt and uncles—who called Mary “honeybunch”—promised to watch over her Interests for her benefit. Instead, they swindled her. They conspired with her trustee, maneuvered to steal her money, and lied to her about it. And in the end, they threatened her, put her infant nephew’s life at risk, and used their position of power to con her into signing her Interests away. Mary comes to this Court to right these wrongs. By this action, she asserts the following claims:

**Count One.** Fraudulent misrepresentation;

**Count Two.** Fraudulent concealment;

**Count Three.** Fraudulent inducement;

**Count Four.** Negligent misrepresentation;

**Count Five.** Civil conspiracy to commit fraudulent misrepresentation and concealment;

**Count Six.** Civil conspiracy to commit fraudulent inducement;

**Count Seven.** Breach of fiduciary duty; and

**Count Eight.** Aiding and abetting a breach of fiduciary duty.

## THE PARTIES

31. Plaintiff Mary L. Trump is a clinical psychologist, businessperson, and author. She is the granddaughter of Fred Sr., a property developer and landlord in New York's outer boroughs. More specifically, she is the daughter of Fred Sr.'s eldest son, Fred Jr., who died in 1981 at the age of 42, when Mary was 16 years old. Mary is a resident of the State of New York.

32. Defendant Donald J. Trump ("Donald") was Fred Sr.'s fourth child and second son. He is Mary's uncle. He currently serves as the President of the United States, but he is sued here only in his personal capacity arising from his acts and omissions between 1981 and 2001—15 years before he assumed that office. Together with his siblings Maryanne and Robert, Donald served as co-executor of the Last Will and Testament of Fred C. Trump and of the Last Will and Testament of Mary Anne Trump; trustee of the 1976 trust that Mary's grandfather established on her behalf; shareholder, officer, and director of numerous Trump family corporations, including Apartment Management; co-owner of All County; partner in Midland; and co-owner of certain land interests and the ground leases over those interests, including those at Beach Haven and Shore Haven. He is a resident of the State of New York.

33. Defendant Maryanne Trump Barry ("Maryanne") was Fred Sr.'s first-born child. She is Mary's aunt. Together with her brothers Donald and Robert, Maryanne served as co-executor of the Last Will and Testament of Fred C. Trump and of the Last Will and Testament of Mary Anne Trump; trustee of the 1976 trust that Mary's grandfather established on her behalf; shareholder, officer, and director of numerous Trump family corporations, including Apartment Management; co-owner of All County; partner in Midland; and co-owner of certain land interests and the ground leases over those interests, including those at Beach Haven and Shore Haven. From 1999 to 2019, Maryanne served as a judge on the U.S. Court of Appeals for the Third Circuit. She retired in April 2019, following an investigation into whether she violated rules of judicial conduct

by participating in various fraudulent schemes revealed by the *New York Times* in October 2018.<sup>2</sup>

Maryanne is a resident of the State of New York.

34. The late Robert S. Trump (“Robert”) was Fred Sr.’s fifth child and third son. He was Mary’s uncle. Robert was a New York businessperson and real estate developer who passed away on August 15, 2020. Robert dedicated much of his life to the family business. Between 1980 and 1991, Robert worked as a vice president of The Trump Organization, which Donald headed. In 1991, he transferred to his father’s business, Trump Management. Together with his siblings Donald and Maryanne, Robert served as co-executor of the Last Will and Testament of Fred C. Trump and of the Last Will and Testament of Mary Anne Trump; trustee of the 1976 trust that Mary’s grandfather established on her behalf; shareholder, officer, and director of numerous Trump family corporations, including Apartment Management; co-owner and Chief Executive of All County; partner in Midland; and co-owner of certain land interests and the ground leases over those interests, including those at Beach Haven and Shore Haven. Robert was a resident of the State of New York. Robert passed away on August 15, 2020. Accordingly, Mary’s claims against Robert herein are asserted against the yet-to-be-named executor of his estate.

### **JURY DEMAND**

35. Plaintiff Mary L. Trump hereby demands a trial by jury.

### **JURISDICTION & VENUE**

36. This Court has jurisdiction pursuant to NY CPLR §§ 301 and 302.

37. Venue is proper in this county pursuant to NY CPLR §§ 503 and 509.

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<sup>2</sup> Russ Buettner & Susanne Craig, *Retiring as Judge, Trump’s Sister Ends Court Inquiry Into Her Role in Tax Dodges*, N.Y. TIMES, Apr. 10, 2019, <https://www.nytimes.com/2019/04/10/us/maryanne-trump-barry-misconduct-inquiry.html>.

## FACTUAL ALLEGATIONS

### I. MARY'S INTERESTS IN THE TRUMP EMPIRE

38. In 1927, Mary's great-grandmother, Elizabeth Trump ("Elizabeth"), and her son, Mary's grandfather, Fred Sr., established E. Trump & Son, Inc. Together they constructed hundreds of houses in Brooklyn and Queens.

39. Elizabeth passed away on June 6, 1966, leaving certain interests to Mary's father, which later passed to Mary, including the Land Interests, as detailed further below.

40. Following the death of his mother, Fred Sr. expanded the property empire, building and managing a number of major real estate developments in New York City, including prominent developments and apartment buildings in Queens and Brooklyn. Over the course of the next three decades, he amassed a vast fortune.

41. Fred Sr. had five children: Maryanne Trump Barry; Mary's late father Fred Trump Jr.; Elizabeth Trump Grau; Donald J. Trump; and Robert Trump, who passed away in August 2020.

42. Mary's father, Fred Jr., died in 1981 at the age of 42, when she was 16 years old. Mary inherited certain interests from her father, including the Midland Interests, which were held in trust on her behalf by Defendants and their co-conspirator Durben following her father's death.

43. Mary's grandfather, Fred Sr., died on June 25, 1999. Mary was a beneficiary of his estate and also the beneficiary of a trust he had established on her behalf. As a result, on his death, she inherited and was due certain additional Estate and Trust Interests.

44. Accordingly, following Fred Sr.'s death, Mary was the beneficial owner of three categories of interests in the Trump property empire: (1) the Land Interests from her great-grandmother; (2) the Midland Interests from her father; and (3) the Estate and Trust Interests from her grandfather. Each of these sets of Interests was enormously valuable, as detailed below.

### A. The Land Interests: Beach Haven and Shore Haven

45. On June 8, 1960, Mary's great-grandmother Elizabeth executed a will providing for the establishment of a trust in favor of her grandchildren, including Mary's father Fred Jr. Among other things, the fee interests in the land underlying Beach Haven and Shore Haven were placed in the trust for the grandchildren, with the income from those interests flowing to Fred Sr. during his life. Elizabeth Trump further directed that her son, Fred Sr., would be the measuring life of that trust, but provided that Fred Jr.'s interests in the trust should be distributed to Mary and Fred III if their father died before Fred Sr.

46. Accordingly, pursuant to Elizabeth's trust, upon the death of Fred Jr., Mary and her brother inherited equal shares of their father's fee interests in the land underlying Beach Haven and Shore Haven. Mary's share was 10% of the land underlying Beach Haven and 5% of the land underlying Shore Haven. Mary's brother had the same shares. And Defendants (together with their sister Elizabeth Trump Grau) owned the remainder.

47. Together, these were the crown jewels in the Trump family's empire.

48. Beach Haven was a complex in Coney Island, Brooklyn spanning over forty acres improved with at least twenty-six buildings, in addition to various parcels of vacant land.

49. Shore Haven was a complex in Bensonhurst, Brooklyn spanning more than thirty acres improved by over thirty-two six-story buildings and a shopping center.

50. Back in 1948, Elizabeth and Fred Sr. leased the land to entities controlled, operated, and ultimately owned by Defendants. The ground lease was for a period of 99 years.

51. A ground lease is an arrangement in which the lessee develops a piece of property owned by the lessor, including by adding buildings and other improvements, during a lease period (typically 99 years), after which all buildings and improvements revert to the lessor. Thus, the lessor's interest in a ground lease includes not just the cash streams paid by the lessee under the

terms of the lease, but also, significantly, a reversion interest in the appreciated land as well as the improvements that will transfer to the lessor at the end of the lease period. Here, Defendants extensively developed and improved the land with the 58 buildings alleged above.

52. As a minority owner of the land, Mary had an interest in the stream of payments to be made by the lessees (at least following Fred Sr.'s death). Importantly, however, she *also* had a reversion interest in the appreciated land itself and all of the buildings and improvements that had been developed upon it, which would be returned to her at the end of the lease period.

53. In the meantime, Defendants were on both sides of the lease—as majority lessors of the land and as lessees, who operated the buildings. As alleged below, Defendants were consistently, rampantly, dishonest with Mary about her interest and its extraordinary value.

#### **B. The Midland Interests: the “Mini-Empire”**

54. Through her father Fred Jr.'s estate, Mary also inherited a combined 10% interest in a group of partnerships and entities known as the Midland Associates Group, which the Trump family referred to as “the mini-empire.” Mary's interest in Midland was held in trust, with Defendants' co-conspirator Durben serving as trustee, and Mary knew very little about it.

55. Midland was made up of four entities: Midland Associates, LLC; Park Briar Associates, LLC (“Park Briar”); Highlander Hall, Inc.; and Coronet Hall, Inc. Each of these entities owned certain sponsor corporations that themselves held, among other interests, unsold cooperative shares in various apartment buildings. Mary held a 10% interest in each of the four Midland entities.

56. Among other valuable assets, Midland held interests relating to hundreds of apartments in at least seven apartment buildings in Brooklyn and Queens that were converted by Fred Sr. to cooperative ownership in the 1980s. Some of the apartments in these buildings were sold to the cooperative, whereas others were unsold and rented out to tenants by Defendants.

57. Thus, Midland generated revenue for Defendants and the Minority Stakeholders in three principal ways: through the sales of sponsor apartments, through rentals of unsold units, and through issuing loans. Mary's interest in Midland entitled her to portions of each of these revenue streams.

58. In total, at the time of Fred Sr.'s death in 1999, Midland held at least the following valuable entities and assets:

- a. Lincoln Shore Apartments and Wedgewood Hall Property, each sponsors of cooperative housing in Brooklyn, NY; holders of unsold shares relating to 60 apartment units and 40 apartment units, respectively; and lessors to various tenants;
- b. Highlander Hall, Park Briar Property, Sunnyside Towers, Coronet Hall, and Saxony Hall Property, each sponsors of cooperative housing in Queens, NY; holders of unsold shares relating to 54 apartment units, 59 apartment units, 54 apartment units, 62 apartment units, and 28 apartment units, respectively; and lessors to various tenants;
- c. A 1.4583% interest in Starrett City Associates, LP, which in turn held Spring Creek Towers, a sprawling 153-acre complex of 46 buildings and 5,881 apartments in Brooklyn, NY. Starrett City was the largest federally subsidized housing project in the nation and ultimately sold in 2018 for over \$900 million;
- d. A 50% interest in land leased to a McDonald's Franchise at 606 Neptune Avenue, Brooklyn, NY 11224;
- e. \$7,187,200 and \$2,743,000 in mortgage and notes receivable, respectively; and
- f. Various service contracts.

59. As alleged below, Defendants diluted the value of the Midland Interests through grift and self-dealing, depressed its book value and the net income it generated, and lied to Mary about its worth.

### C. The Trust and Estate Interests

60. In 1976, Fred Sr. established irrevocable trusts then worth \$400,000 for each of his grandchildren, including Fred III and Mary.

61. The designated trustees of that trust were Defendants and attorney Matthew J. Tosti (followed by Defendants' co-conspirator Durben as successor to Tosti on Tosti's death).

62. Finally, Mary was herself a beneficiary of Fred Sr.'s estate.

## II. DEFENDANTS' FIDUCIARY DUTIES TO MARY

63. Defendants and Durben controlled, operated, and dominated each of Mary's Interests alleged above, and accordingly owed her fiduciary duties to protect her Interests.

64. *First*, Defendants were majority co-owners of Land Interests at Beach Haven and Shore Haven, in which Mary had interests; majority partners, members, and owners in Midland, in which Mary had an interest; trustees (together with Durben) of the irrevocable trust created by Fred Sr., of which Mary was the beneficiary; and Co-Executors of the Last Will and Testament of Fred Sr., of which Mary was a beneficiary. In each of these capacities, Defendants owed Mary a fiduciary duty of undivided loyalty, including a duty to protect her Interests.

65. In addition, Defendants' co-conspirator Durben, whom the Defendants co-opted and controlled, was a trustee of Mary's Land Interests, Midland Interests, and her Trust Interests. In each of these capacities, he too owed Mary a fiduciary duty of undivided loyalty.

66. *Second*, and in addition, each of Mary's Interests was part of the larger Trump-family business. Defendants controlled and dominated the operation of that business, by virtue of their roles in the following entities, from which Mary was excluded:

- a. as shareholders, officers, and directors of Apartment Management;
- b. as shareholders, officers, and directors of Trump Management;
- c. as co-owners and managers of All County, of which Robert Trump was also the CEO;
- d. as majority owners and operators of Beach Haven and Shore Haven; and
- e. as majority owners and operators of Midland.

67. *Third*, as alleged above, Maryanne prepared and procured Fred Sr.'s revised 1991 Will after Fred Sr. refused to sign a codicil drafted by Durben that would have put Donald in control of Fred Sr.'s estate. Maryanne, along with Donald and Robert, appointed themselves co-executors of the 1991 Will. In addition, as alleged above, Robert procured Fred Sr.'s power of attorney in 1995, which enabled him to exercise powers over all aspects of Fred Sr.'s affairs and businesses, including respecting Mary's Interests.

### III. DEFENDANTS' FRAUDULENT SCHEME

#### A. The Grift

68. Between 1981 and 2001, Defendants siphoned millions of dollars from Mary's Interests into entities that Defendants controlled, while concealing those transfers as legitimate business transactions.

69. One example was All County, a scam first reported by *The New York Times* in October 2018. All County was a sham corporation that Defendants set up in 1992—it was a shell without any corporate offices. It existed for the purpose of secretly extracting funds and assets from Trump family-owned properties and entities that had other stakeholders, including Midland, and transferring those funds and assets to Defendants and those loyal to them.

70. Before All County was established, Trump entities like Midland paid vendors directly for maintenance, upkeep, and supplies on the Trump properties. Defendants set up All

County and inserted it between the Trump entities and the vendors. All County paid vendors for the same maintenance services and supplies, at the same rate. All County then issued padded invoices to the Trump entities (including entities in which Mary had an interest) marking the purchases way up. The owners of All County—Defendants and their cousin Walter—then pocketed the difference.

71. Defendants then prepared financial statements that disguised their gift as genuine business expenses, and thereby hid them from Mary.

72. All County and other similar schemes siphoned significant funds away from Mary's Midland Interests, as well as the Estate Interests.

73. All County and schemes like it were not the only tool that Defendants used to benefit themselves at the expense of Mary's Interests. For example, as *The New York Times* reported in October 2018, Defendants also used the management entities Trump Management and Apartment Management, which they owned and of which they were each officers and directors, to siphon additional value from Mary's Interests, including Midland.

74. Before 1994, buildings controlled by Defendants paid millions of dollars in purported management fees, including consulting fees and salaries, via Trump Management—\$6.8 million in 1993 alone. Beginning in January 1994, Apartment Management began charging and collecting those fees.

75. The management fees collected by Trump Management and later Apartment Management were massively inflated and overstated. To a significant extent, therefore, the “management” and “maintenance” fees paid did not accurately reflect the provision of services of value. Indeed, as with All County, Trump Management and Apartment Management were just another means by which Defendants carried out their gift and siphoned money from Mary's

Interests into their own accounts. Defendants paid themselves fraudulent “consulting” and “management” fees through other entities as well.

76. Defendants also issued “loans” to other entities that they controlled. These loans, however, were simply another means by which Defendants diverted cash to benefit themselves: unlike genuine loans, they included no repayment terms, they imposed no obligation to pay interest, or they charged preferential rates far more favorable to the borrower than those that would be negotiated at arms’-length. For example, in 1990, 1993, 1997, and 1998, Coronet Hall Property, a division of Coronet Hall, Inc. (one of the Midland entities), was owed a total of \$1,723,640 in non-interest-bearing advances without definite terms as to repayment.

77. Defendants were aware, at the time that they were using these entities to redirect funds into their own pockets and disguise those transfers, and indeed Defendants fully intended, that their actions were in fact transfers of value from Mary’s Interests to benefit themselves.

## **B. The Devaluing**

78. For years, Defendants repeatedly provided Mary, through her so-called trustee Durben, with numerous financial statements to create the false impression that Defendants were protecting her Interests. In fact, the opposite was true. Rather than presenting Mary with a fair and honest account of her Interests, Defendants knowingly and fraudulently understated their true value, including their book value and net income. Through manipulation, they also further drove down the actual value of those Interests.

### **1. Defendants Obtained Lowball Appraisals**

79. Defendants also devalued Mary’s Interests by negotiating and procuring fraudulent appraisals from their co-conspirator Von Ancken.

80. As alleged above, Von Ancken was a purportedly independent but in fact “friendly” appraiser who had performed favorable valuations for Defendants after Fred Jr.’s death. Pleased

with the services that he had provided at that time, Defendants rehired Von Ancken to conduct appraisals of Fred Sr.'s real estate holdings, including those relating to Mary's Interests.

81. As *The New York Times* reported in October 2018, rather than performing objective valuations of the Trump family's assets according to applicable professional standards, Von Ancken inflated or deflated valuations based on the purposes for which Defendants requested those valuations.

82. Von Ancken's valuations fluctuated according to Defendants' requested specifications. For example, in 1992, when Fred Sr. decided to donate Patio Gardens, one of his least profitable complexes, and take a charitable tax deduction, Von Ancken provided an inflated assessment: \$34 million, or \$61.90 per square foot. By providing such an inflated appraisal, Von Ancken boosted the tax deduction Fred Sr. claimed on his tax return.

83. In sharp contrast, in 1995, Von Ancken priced Beach Haven and Shore Haven, in which Mary had reversion interests, and which were much more lucrative and boasted five times as many apartments as Patio Gardens, at a mere \$24 million, or \$11.01 per square foot. As of 2020, the current assessed value of Beach Haven and Shore Haven, which is typically far lower than actual fair market value, was over ten times that amount.

84. Von Ancken's false valuations were themselves based on another set of misstatements: false and misleading data and other management information that Defendants had provided to Von Ancken for use in his valuations.

85. Recent court filings and public reporting have revealed that Donald in particular knows full well how to improperly inflate or deflate the value of real estate assets to suit his purposes. Indeed, in March 2019, the Office of New York State Attorney General opened a civil

investigation to determine whether The Trump Organization and Donald improperly inflated the value of Donald's assets to secure loans and obtain economic and tax benefits.<sup>3</sup>

86. The New York Attorney General subpoenaed documents from The Trump Organization to investigate wildly inflated valuations of several properties, including Seven Springs, a parcel of real property in Westchester County, New York. In 1995, Seven Springs LLC, a company controlled by The Trump Organization, purchased Seven Springs for \$7.5 million. Between 1996 and 2014, Donald made various efforts to develop Seven Springs as a golf course, or to subdivide it for residential development. When those efforts all failed, Donald granted a conservation easement over 158 acres of Seven Springs in order to exploit an income tax deduction based on the purported lost development value of the property on account of his granting the easement.

87. In 2015, to maximize his claimed tax deduction, Donald obtained improperly inflated valuations for his Seven Springs property. Even though Donald bought the property for only \$7.5 million and did not develop it, he claimed the property was suddenly worth \$56.5 million as of December 1, 2015 and that the "appraised fair market value" of the conservation easement was \$21.1 million on tax forms submitted to the IRS.

88. Additionally, as the *Washington Post* reported in 2019, Donald routinely sent lenders "Statements of Financial Condition" concerning his properties, debts, and alleged net worth that "were deeply flawed" because they "overvalued" assets, "omitted properties that carried big debts" and included "key numbers [that] were wrong."<sup>4</sup> For example, according to the *Post*, Donald's 2011 financial statement claimed that he had 55 home lots to sell at a golf course in

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<sup>3</sup> *New York v. The Trump Organization et al.*, Affirmation of Matthew Colangelo in Support of Motion to Compel Compliance, No. 451685/2020 (N.Y. Sup. Ct., Aug. 24, 2020), 6-9.

<sup>4</sup> David A. Fahrenthold & Jonathan O'Connell, *How Donald Trump inflated his net worth to lenders and investors*, WASH. POST, Mar. 28, 2019, <https://wapo.st/2DsxZyo>.

Southern California for at least \$3 million each. According to city records, however, Donald in fact had only 31 lots available to sell and claimed credit for 24 lots (and over \$72 million in expected revenue) that he did not actually have. Donald made similar misrepresentations about a Virginia vineyard (overstating its size by 800 acres).

89. In 2019, Michael Cohen, Donald's former lawyer and "fixer"—who pleaded guilty to various federal crimes in connection with his work for Donald, including tax evasion and making false statements to a bank—named Donald and other Trump Organization executives as knowing participants in a scheme to evade campaign finance restrictions by mischaracterizing the payments as legal expenses on The Trump Organization's books in 2016 and 2017.<sup>5</sup> Cohen also testified to Congress that it was common for The Trump Organization to submit falsified financial records when the company applied for loans.<sup>6</sup>

90. After the *New York Times* investigation in 2018, the *Washington Post* reported that The Trump Organization had claimed, in 2012, that it had purchased certain outstanding debt relating to the Trump International Hotel and Tower in Chicago.<sup>7</sup> The debt was listed on Trump Organization books as a loan from one Trump Organization subsidiary to another. Despite supposedly holding a multimillion-dollar loan, Donald listed the subsidiary that purchased the debt as being "practically worthless" on his financial statements. There is no indication that The Trump Organization treated the forgiven debt as taxable income, as required under tax law.

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<sup>5</sup> See Information, Dkt. 2, at 11-18 ¶¶ 24-42, *United States v. Cohen*, No. 18-cr-602 (WHP) (S.D.N.Y. Aug. 21, 2018); see also Rebecca Ballhaus & Joe Palazzolo, *Michael Cohen Details Allegations of Trump's Role in Hush-Money Scheme*, WALL ST. J., Feb. 27, 2019, <https://on.wsj.com/3fp2jap>.

<sup>6</sup> Hearing with Michael Cohen, Former Attorney to President Donald Trump: Hearing Before the H. Comm. on Oversight and Reform, 116th Cong. 1 (Feb. 27, 2019).

<sup>7</sup> David A. Fahrenthold & Jonathan O'Connell, *After selling off his father's properties, Trump embraced unorthodox strategies to expand his empire*, WASH. POST, Oct. 8, 2018, <https://wapo.st/35iWald>.

## 2. Defendants Cooked the Books

91. Beginning at least as early as the late 1980s or early 1990s, Defendants and those loyal to them knowingly and fraudulently understated the value of Mary's Interests on various financial statements, tax returns, and other documents. Defendants provided those documents to Mary, through Durben, as purportedly authentic depictions of her Midland, Land, and Estate Interests.

92. As alleged above, some of the fraudulent misstatements related to All County and similar schemes. For example, the 1992 and 1993 financial statements for Sunnyside Towers, a division of one of the Midland entities, stated that Sunnyside "purchases equipment and supplies from All County Building Supply & Maintenance, Co., Inc." According to the financial statements, in 1993 (the first year of All County's existence), Sunnyside Towers claimed it purchased \$7,992 of supplies from All County. On a sheet titled "Statements of Revenues and Expenses," the financial statements then listed "Repairs & maintenance-schedule" as an expense. The financial statements contained "Supporting Schedules" that broke out the "Total repairs and maintenance expenses" into specific categories, such as "Painting-apartments," "Painting supplies," "Janitorial supplies," "Repair materials," and "Plumbing repairs & supplies."

93. Like the 1992 and 1993 financial statements, the 1997 and 1998 Sunnyside financial statements again stated that Sunnyside "purchases equipment and supplies from All County Building Supply & Maintenance, Co., Inc," and contained "Statements of Revenues and Expenses" that listed certain amounts for "Repairs & maintenance."

94. Each of these references to "repairs," "maintenance," and "supplies" in the financial statements was a fraudulent misrepresentation. In fact, significant sums paid to All County were not spent on "repairs" and "maintenance," but were simply transfers to Defendants through padded invoices issued by All County, in the manner alleged above.

95. The financial statements for the other Midland properties—such as Coronet Hall Property, Highlander Hall, Lincoln Shore Apartments, Park Briar Associates, L.L.C., Saxony Hall, and Wedgewood—contained similar misstatements of “repair and maintenance” expenses that, in material part, were not spent on repair and maintenance, but were transfers to line Defendants’ pockets.

96. Defendants also created and provided Mary with schedules of cash disbursements that contained numerous fraudulent transfers. The 1993 cash disbursements (the first year in which All County was operational) listed various transfers to All County and specified the claimed purposes for those transfers. For example, the 1993 Highlander Hall record of cash disbursements showed a \$224.09 payment to All County for “DISHWASH, STOVE, REFR, PARTS & REPA” and two \$504.22 and \$664.77 payments to All County for “PLUMBING & HEATING REP. & SUP.” Those claimed purposes were similarly fraudulent and concealed what were in material part simply transfers of cash to Defendants.

97. In addition, because the financial statements hid the transfers to Defendants and fraudulently portrayed those transfers as “repairs,” “maintenance,” or “expenses,” the financial statements fraudulently overstated the “expenses” and understated the “net income” on the properties. This was because net income on the financial statements was calculated as revenues less expenses. If Defendants had correctly identified those transfers on their financial statements, rather than fraudulently disguising them as “expenses,” then the net income on the properties would have been much higher.

98. Those misstatements were material to Mary, as a substantial component of the value of the properties was the net income and cash flow from the properties. By fraudulently overstating

the Midland properties' expenses and understating the Midland properties' net income, Defendants fraudulently understated the value of the Midland properties.

99. Similarly, Defendants disguised their gift via Trump Management and Apartment Management by labeling those transfers as "management," "maintenance," consulting fees, and salaries, to make them appear to be genuine business transactions. Defendants' use of those labels made the financials misleading and further reduced the net profit generated by and book value of Mary's Interests.

100. As alleged above, Defendants also fraudulently labeled certain transfers from the Trump properties, including the Midland properties in which Mary had an interest, as payments for "consulting" and "management" fees and salaries, despite those fees and salaries paying for services of little or no value.

101. For example, Donald was a salaried employee, property manager, landlord, banker, and consultant to the Trump property empire. Donald was also responsible for selling certain Starrett City shares, which resulted in today's equivalent of \$1 million in "consulting fees." By charging the Trump properties these fees, Defendants not only siphoned value from Mary's Interests, but also overstated the expenses of these properties, including the Midland properties in which Mary had an interest, and thereby understated their profitability and true value.

102. Similarly, as alleged above, Defendants disguised cash distributions as "loans." But unlike genuine loans they were non-interest-bearing advances without definite terms as to repayment. By failing to charge appropriate rates of interest on loans, and make sure they were paid back, Defendants reduced the net income generated by Mary's Interests.

103. Defendants also provided to Mary numerous financial statements, general ledgers, and tax returns for 1989, 1990, 1991, 1992, and 1993 for Beach Haven, Shore Haven, and various

associated entities and divisions of those entities. Defendants provided these financial statements to Mary as supposedly authentic depictions of the value of her Land Interests. On information and belief, however, each of these financial statements and other financial documents contained similar false representations of the value of Beach Haven and Shore Haven. In so doing, Defendants thereby materially understated the value of the Mary's reversion interest as well—*i.e.*, the value of the appreciated land and improvements that would be returned to her at the conclusion of the lease period.

### 3. Defendants Ducked Sales

104. Even beyond fraudulently understating the value of Mary's Interests, Defendants also conspired to drive down the true value of those Interests. For example, Defendants depressed Midland's book value by deliberately failing to sell certain cooperative units in which Midland held shares.

105. The Midland entities generated revenue in part through the sale of cooperative apartments that they held as the sponsor of the cooperative ("sponsor units"). Defendants artificially devalued the Midland assets by refusing to sell the sponsor units with respect to which Midland held shares. Indeed, in 1998 and 1999 combined, only three units were sold. In 2000, the Midland entities collectively still held 357 unsold sponsor units.

106. Defendants' reason was straightforward enough. Defendants had ascribed an artificially low value to Midland. Selling sponsor units to buyers in an open market would have generated sales price information, and thus would have created evidence that Defendants had undervalued Midland. By refusing to sell the sponsor units, Defendants avoided creating a paper trail.

107. But by refusing to sell the sponsor units, Defendants also failed to generate proceeds of sale in connection with the Midland units that they otherwise would have generated if

the sponsor units had been sold. Those sales proceeds from apartment sales were part of the value of the Midland assets and thus part of Mary's Midland Interests. While some portion of the unsold sponsor units were rented, Defendants' siphoning efforts (alleged above) depleted the net income generated for Mary by such rentals by artificially inflating the maintenance expenses charged to them.

108. In other words, by refusing to sell apartments and opting instead to rent them with inflated expenses, Defendants intentionally drove down the book value of Mary's Interests. And by failing to generate transactional sales data, Defendants compounded their undervaluing of Midland and carefully avoided putting Mary and others on notice that the Trump properties were undervalued.

### **C. The Squeeze Out**

109. Fred Sr. passed away in June 1999. When Fred Sr. died, Mary had some concerns about the 1991 Will. Although Mary did not have knowledge of Defendants' fraud at the time (and had no reason to know it), she believed that Fred Sr. had not been of sound mind when the will was finalized.

110. A few days after Fred Sr. died, Mary received a call from Robert. He had called to convey a simple message on Defendants' behalf: It was time for Mary to relinquish her Interests. Over the next month or so, he hectoring Mary with daily calls reiterating the same message: "Cash in your chips, Honeybunch."

111. When Mary held out, Robert demanded to meet in person. They had a series of meetings between July and October 1999 in which Robert tried to procure Mary's consent to probate and relinquish her Interests.

112. In their final meeting that October, in the bar of the Drake Hotel at 56th Street and Park Avenue in New York City, Robert made his most concrete and explicit threat. If Mary did

not comply with their demands, including consenting to probate, Defendants would bankrupt Midland and “leave you paying taxes on money you don’t have for the rest of your lives.”

113. Nevertheless, Mary persisted. On March 23, 2000, Mary and Fred III filed objections to probate, contesting the validity of the 1991 Will.

114. As alleged above, the Minority Stakeholders engaged John Barnosky as their litigation counsel, at the recommendation of Defendants’ co-conspirator Durben. At the time, Mary trusted Durben and had no idea that he and Defendants were conspiring to defraud her and squeeze her out. Whether because of conflicted loyalties or because he was duped by Defendants as well, throughout the litigation and settlement discussions, Barnosky did not keep the Minority Stakeholders fully informed of material information and pursued a settlement without ensuring that he and his client had complete and accurate information.

115. Defendants’ response to the objections filed by Mary and her brother was swift and vicious. As alleged above, Fred III’s third child, William, had been born just hours after Fred Sr.’s funeral. Forty-eight hours after baby William was born, he turned blue in his mother’s arms, his body stiffening and shaking uncontrollably. It was the first of many devastating seizures to come.

116. William spent months in neonatal intensive care, where the seizures and severe illness continued. Brain scans, spinal taps, blood tests and visits to three hospitals followed. And even after William left intensive care, he required round-the-clock nursing care. The experience was harrowing, and the expenses were crushing.

117. Like every member of the Trump family, William had health insurance from birth through Trump Management. But when the Minority Stakeholders filed their objections to probate, Defendants, acting at Maryanne’s suggestion, ripped that health insurance away and put the child’s life at risk. In December 2000, Donald acknowledged that Defendants had terminated the infant’s

medical coverage to retaliate against Mary and her brother, telling the *New York Daily News*: “When [the Minority Stakeholders] sued us, we said: ‘Why should we give him medical coverage?’” When asked whether he thought cutting their coverage could appear cold-hearted in light of the baby’s medical condition, Donald dismissed the idea, remarking, “I can’t help that.”<sup>8</sup>

118. Mary was devastated by this act of retaliation against a newborn. She became increasingly desperate, telling the press that “William is my father’s grandson. He is as much a part of that family as anybody else. He desperately needs extra care.” William’s mother echoed what the Minority Stakeholders were feeling: Defendants’ retaliation was “so shocking, so disappointing and so vindictive.”

119. As alleged above, Mary and Fred III started another action against Defendants to reinstate the health insurance and protect young William. Barnosky’s fees piled up.

120. As the pressure mounted, Defendants exploited the opportunity to squeeze Mary out of her Interests altogether: they told the Mary that they would only settle the litigation if she agreed to be bought out of her Interests altogether, including the Midland Interests and the Land Interests, which were not even at stake in the litigation.

121. In the discussions that followed, Defendants doubled down on their prior fraudulent misrepresentations and compounded them.

### **1. Defendants Grossly Understated the Value of Mary’s Midland Interests**

122. In a series of discussions concerning the value of Mary’s Midland Interests, Defendants repeatedly and fraudulently understated their fair market value.

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<sup>8</sup> *Inside Trumps’ Bitter Battle: Nephew’s Ailing Baby Caught in The Middle*, N.Y. DAILY NEWS, Dec. 19, 2000, <https://www.nydailynews.com/archives/news/trumps-bitter-battle-nephew-ailing-baby-caught-middle-article-1.888562>.

123. To take one example, Defendants fraudulently understated the value of Starrett City, an enormous Brooklyn housing development that later sold for nearly a billion dollars. Specifically, on December 8, 2000, Patricia C. Marcin, one of Mary's attorneys, requested certain information from Stephen J. Schwartz, counsel for the Defendants, in connection with the probate proceedings. Marcin asked Schwartz specifically for an appraisal of Fred Sr.'s "partnership interest in [Starrett] City."

124. On December 8, 2000, Schwartz responded to Marcin, "Starrett City was valued at a nominal amount based on information obtained from management." This "nominal" valuation, which was based solely "on information obtained from management," was fraudulently understated. Defendants, as "management," made this misrepresentation, together with the false and misleading representations on which it was based, to Mary with the intent that she rely on it for purposes of undervaluing her own interest in the property.

125. According to the *New York Times* investigation, Starrett City in reality had such a high value that its subsequent sale led to a massive windfall for Defendants. Despite the "nominal" valuation provided by Schwartz on December 8, 2000, Starrett City was sold in 2018 for \$905 million, of which Donald personally received at least \$16 million.

126. In addition, on December 21, 1999, Defendants provided Mary with various financial statements, tax returns, and schedules of cash disbursements for 1989-1993 for the Midland entities, which compounded the prior fraudulent misrepresentations and omissions alleged above.

127. The Purported Agreements themselves memorialize myriad fraudulent misrepresentations concerning the value of Mary's Midland Interests. For example, according to the Purported Agreements, Mary and her brother, Fred Trump III, requested that Defendants

provide her with information concerning their ownership interests in Midland. In response, Defendants provided Mary with documents including income tax returns, financial statements, partnership tax returns, lists of sold and unsold units, lists of mortgages and notes receivable, and a list of cooperative apartment ownership interests for 1997-1999 for the Midland entities, all of which were undervalued on account of all the schemes and misrepresentations outlined above. The Purported Agreements incorporated by reference each of these documents containing fraudulent misrepresentations of Midland's value.

128. With these fraudulent documents, Defendants deliberately deceived Mary into believing that the fair market value of her 10% interest in Midland was far less than its true value. In reasonable reliance on Defendants' fraudulent undervaluations, Mary relinquished the Midland Interests at a grossly understated value. If Defendants had provided accurate information concerning her Midland Interests, Mary would not have accepted these terms.

## **2. Defendants Grossly Understated the Value of Mary's Land Interests**

129. Defendants made similar misrepresentations about Mary's Land Interests.

130. To take one example, the Purported Agreements fundamentally misrepresented the nature of the Land Interests by portraying those interests simply as rights to cash streams from "ground leases." More specifically, an "Agreement and Stipulation made April 10, 2001" made reference to Mary's "right, title and interest to the 'ground leases' affecting the real property," *i.e.*, Beach Haven and Shore Haven. Yet, as alleged above, Mary's interest was far broader and more valuable: she had an interest in the land underlying those developments, but she *also* had a reversion interest in the buildings themselves, not just an interest in the ground leases. Defendants thus took advantage of their domination and control over Mary's affairs to portray her Land Interests as far less valuable than they in fact were.

131. During their discussions, Defendants also provided Mary with numerous financial statements, appraisals, and other valuation documents concerning her Land Interests. Many if not all of them were fraudulent.

132. For example, on December 21, 1999, Defendants provided Mary with numerous financial statements, general ledgers, and tax returns for 1989, 1990, 1991, 1992, and 1993 for Beach Haven, Shore Haven, and various associated entities and divisions of those entities. Those statements contained fraudulent undervaluations of the value of the Land Interests. They included valuations from Von Ancken, who valued the Beach Haven and Shore Haven developments, despite being “the crown jewels of Fred Trump’s empire,” at a mere \$23 million, or \$11.01 per square foot—far lower than their true market value. Indeed, as of 2020, their current assessed value, which is typically far lower than fair market value, was over ten times that amount.

133. In addition, Mary, through her lawyer Barnosky, was provided with a May 18, 2000 letter addressed from Von Ancken to Robert that provided Von Ancken’s valuation of the reversion interest in the Shore Haven Shopping Center at \$1,330,000 and the reversion interest in the Beach Haven Shopping Center at \$2,530,000. Mary also was provided with at least two accountings that provided the value of Shore Haven Apartments #1 and #3 as of June 25, 1999, and March 31, 2000. These valuations were all grossly and fraudulently understated.

134. In addition to these sorts of false appraisals and accountings, Defendants also provided Mary with gift and estate tax returns for the Fred Sr. estate that contained further fraudulent undervaluations of Mary’s Land Interests. For example, the 2000 Fred Sr. estate tax returns included a schedule of real estate assets containing valuations of “50% interest in land – Cropsy Avenue, Brooklyn, NY, subject to a ground lease to Shore Haven Apartments No. 1, Inc.” as well as similar valuations of assets that were subject to ground leases to “Shore Haven

Apartments No. 2, Inc.,” and “Shore Haven Apartments No. 3, Inc.” The values of each of these real estate assets were fraudulently understated for at least two reasons.

135. First, as the tax returns stated, the valuations for each of these interests were performed “based on present value of stream of payments.” In other words, the valuations were performed solely on the lease payments that were being paid and placed no value at all on Mary’s reversion interests (the appreciated land and improvements that would revert to Mary as lessor).

136. Second, the lease payments were excessively preferential to Defendants’ entities as lessees and far below market. These extremely low lease payments increased the flow of value to Defendants as lessees to the detriment of Mary and other stakeholders as lessor. The valuation of Mary’s lessor interest was fraudulently calculated based solely on these low lease payments.

137. In reliance on these fraudulent misrepresentations, Mary relinquished her interest in Shore Haven and Beach Haven at a grossly fraudulent undervaluation. If Defendants had provided accurate numbers concerning her Land Interests, Mary would not have accepted these terms.

### **3. Defendants Grossly Understated the Value of Mary’s Trust and Estate Interests**

138. Finally, Defendants provided Mary with fraudulently understated valuations of her Trust and Estate Interests.

139. Defendants procured several of these valuations from Von Ancken. Defendants provided them to Mary in a May 18, 2000 letter fraudulently understating the value of 11 real estate assets associated with the Fred Sr. estate, including Fontainebleau Apartments, Lawrence Towers, Tysens Park Apartments, Shore Haven Shopping Center, and Beach Haven Shopping Center.

140. Defendants made similar fraudulent misrepresentations as to the value of certain interests related to Fred Sr. and Mary Anne Trump's grantor-retained annuity trusts ("GRATs"), as reflected in December 2000 statements; the value of Fred Sr.'s "Gross Estate," as reflected in a federal tax summary; and (as alleged above) the value of the massive Starrett City development, a percentage of which was also part of the Fred Sr. estate, and which Defendants claimed was "a nominal amount based on information obtained from management." Indeed, Defendants represented to Mary that the total value of the properties in the Fred Sr. and Mary Anne Trumps' GRATs, including 25 apartment complexes—was just \$93.9 million. Just nine years later, banks would put a valuation of nearly \$900 million on many of the same assets.

141. Based on the fraudulently understated data that Defendants had provided, Mary's attorneys calculated that "the amount that we would receive if we were totally victorious in this regard is approximately \$13,400,000." If Defendants had provided accurate data, Mary would have calculated a significantly higher fair market value for her interest in the Fred Sr. estate.

142. In each and every one of these ways, Defendants intentionally and fraudulently induced Mary to enter into the Purported Agreements through their grossly fraudulent undervaluations. Mary reasonably relied on these misstatements in relinquishing her claim to the Estate Interests for an amount that grossly understated its true value. If Defendants had provided accurate numbers concerning the Fred Sr. estate, Mary would not have accepted these terms.

#### IV. DEFENDANTS' CONTINUING CONCEALMENT

143. After Mary was squeezed out of her Interests on April 10, 2001, she no longer received financial statements or other information (though her representatives or anyone else) pertaining to the Trump empire and the Interests she had relinquished.

144. Unbeknownst to Mary, however, Defendants continued to engage in fraud and misconduct that harmed the taxpayers, their tenants, and anyone who did business with them. Defendants also continued to deliberately conceal their fraud and cook the books.

145. Defendants' rampant fraud and misconduct—including the schemes that harmed Mary—only began to come to light with the publication of an investigative report by the *New York Times* on October 2, 2018. Among other things, the reporting included extensive “interviews with Fred Trump's former employees and advisers,” as well as invoices and purchase orders obtained from vendors, and other documents from both public and private sources.

146. That investigative report, and the documents and information it revealed, first put Mary on notice of the schemes by which Defendants had defrauded her and squeezed her out of her Interests in the Trump empire years earlier.

## CAUSES OF ACTION

### COUNT 1

#### Fraudulent Misrepresentation

147. Mary incorporates by reference all preceding paragraphs and re-alleges them as if fully set forth herein.

148. As alleged above, beginning in at least the early 1980s, Defendants intentionally made material misrepresentations and omissions of fact to Mary regarding the true value of Mary's Interests, including in connection with the Siphoning, Devaluing, and Squeeze-Out of her Interests.

149. Defendants' fraud began in at least the early 1980s and culminated on April 10, 2001, when Defendants induced Mary into entering the Purported Agreements through which Mary purported to settle her claims in the probate proceedings and health insurance litigation and separately relinquish her Interests for far less than their true value.

150. As alleged in greater detail above, for at least a decade prior to the Squeeze-Out, Defendants used sham companies, lowball valuations, cash distributions disguised as notes, padded invoices, and other kinds of concealed self-dealing to siphon value away from the entities in which Mary held Interests, such as Midland, and into entities controlled and owned by Defendants, such as All County, Trump Management, and Apartment Associates.

151. As a consequence of these siphoning efforts, additional undisclosed self-dealing, and colluding to stall the sale of sponsor apartments held by the Midland entities, among other gambits, Defendants drove down the book value of and net income generated by Mary's Interests.

152. Throughout Defendants' fraud, beginning at least in the early 1980s, Defendants provided Mary with materially false and misleading financial statements and other financial documents that grossly undervalued Mary's Interests, including with respect to their book value, the net income they generated, and their purported fair market value (*see supra* Sections III.A-B).

153. Defendants knew that the financial information they provided to Mary was false or provided the information recklessly without regard to its falsity.

154. Defendants provided this information intending that Mary would rely on it in valuing her Interests and to deceive her into believing that her Interests were less valuable than they actually were.

155. In the months leading up to the signing of the Purported Agreements in April 2001, Defendants compounded their materially false and misleading representations and omissions through additional statements concerning the value of Mary's Interests, as well as providing her, through her attorney Barnosky and her trustee Durben, with similarly materially false and misleading accounts, books and records, and valuations.

156. In the Purported Agreements, Defendants expressly referred to the decades of representations and omissions they made to Mary.

157. The Purported Agreements contained extensive warranties and representations as to the truth and accuracy of that information. Defendants made at least the following material misstatements and omissions:

a. **Mary's Midland Interests.** Between 1999 and 2001, Mary and her brother requested that the Defendants provide her with information concerning their ownership interests in Midland.

i. On or around December 21, 1999, Defendants provided Mary with documents including income tax returns, financial statements, partnership tax returns, lists of sold and unsold units, lists of mortgages and notes receivable, and a list of cooperative apartment ownership interests for 1997-1999 for the Midland entities. Separately, on December 21, 1999, Defendants provided to Mary various financial statements, tax returns, and schedules of cash disbursements for 1989-1993 for the Midland entities, as well as additional tax returns. As alleged in further detail in Section III.C above, the financial statements contained numerous fraudulent misrepresentations, including fraudulent overstatements of expenses for repairs and maintenance on the Midland properties. In addition, as alleged in further detail in Section III.C above, the schedules of cash disbursements contained numerous similar fraudulent misrepresentations and transfers.

- ii. On December 8, 2000, Mary's counsel asked Defendants' counsel for an appraisal for Fred Sr.'s partnership interest in Starrett City, which Mary had an interest in through her 10% interest in Midland. Defendants' counsel responded that Starrett City was valued at "a nominal amount based on information obtained from management." That "nominal" valuation was made by Defendants in their capacity as "management." That valuation was fraudulently understated. According to the *New York Times* investigation, Starrett City was sold in 2018 for \$905 million, of which Donald personally received at least \$16 million.
- iii. Ultimately, Defendants falsely represented to Mary that her interest in Midland was worth no more than a specified amount that grossly undervalued her interest.

b. **Mary's Land Interests.** Defendants also misrepresented to Mary the value of her Land Interests in Beach Haven and Shore Haven. Defendants procured fraudulent undervaluations of Beach Haven and Shore Haven from Von Ancken. Von Ancken valued the Beach Haven and Shore Haven apartments at \$23 million, or \$11.01 per square foot, which was far lower than their true market value. Between 1999 and 2001, Defendants provided Mary with numerous financial statements and other documents containing misrepresentations of the value of the Beach Haven and Shore Haven ground leases that were predicated on Von Ancken's undervaluations. Ultimately, Defendants falsely represented to Mary that her Land Interests were worth no more than a specified amount that grossly undervalued those interests.

- c. **Mary's Trust and Estate Interests.** Defendants misrepresented to Mary the value of certain interests related to Fred Sr. and Mary Anne Trump's GRATs, as reflected in December 2000 statements; the value of Fred Sr.'s "Gross Estate," as reflected in a federal tax summary; and (as alleged above) the value of the Starrett City development, a percentage of which was also part of the Fred Sr. estate. Defendants falsely represented to Mary that Fred Sr.'s estate was cumulatively worth no more than thirty million dollars and falsely represented to Mary that her interest in the estate was worth no more than a specified amount that grossly undervalued her interest. Defendants failed to disclose, however, that they had fraudulently transferred valuable estate assets to themselves in 1997. In fact, when most of the assets in the Trump real estate empire were sold in December 2003, two years after the Squeeze-Out, they were valued at "nearly one billion dollars."

158. Defendants' misrepresentations and omissions were material because the true value of Mary's Interests was an essential consideration for her in deciding whether and the amount for which to relinquish Interests.

159. Defendants knew that all of these statements and omissions relating to the value of Mary's Interests were materially false and misleading, or acted with reckless disregard to their falsity, in part because Defendants themselves had conspired to siphon millions of dollars from Mary's Interests and conspired to drive down their value as alleged above, as well as because Defendants dominated, operated, and controlled the overall business empire and had near exclusive access to information about it.

160. Defendants had intentionally made or provided the materially false and misleading representations to Mary to deceive her into believing her Interests were far less valuable than they actually were and ultimately to induce her into relinquishing her Interests for far less than their fair market value.

161. Defendants intended that Mary would rely on their statements and omissions in determining whether and at what amount to relinquish her Interests.

162. Defendants knew Von Ancken's valuations were false, that there was no reasonable basis for them, and procured them for the purpose of misleading Mary, but presented them to Mary as accurate assessments of the value of the assets in which she had Interests, in order to deceive her.

163. Defendants intended to use and did use Von Ancken's valuations to further mislead Mary as to the value of her Interests and to induce her reliance on their gross undervaluations of her Interests.

164. Mary reasonably and justifiably relied on Defendants' misrepresentations about the value of her Interests in deciding to relinquish her claims to those Interests

165. Although Mary sought information about the value of her Interests, Mary could not have discovered the true value of her Interests through the exercise of ordinary diligence or intelligence because Defendants, in furtherance of their fraud and with near-exclusive access to information, had siphoned value away from and misrepresented the value of her Interests for so long.

166. As a direct and proximate result of relying on Defendants' intentional misrepresentations, Mary suffered injury by entering into the Purported Agreements predicated on

these incorrect valuations and was conned by Defendants into giving up her Interests for dramatically less than they were actually worth.

167. Defendants' fraud against Mary was particularly egregious and morally culpable because Defendants deliberately targeted her because they disliked her. For example, in a tweet, Donald stated that Mary was "rightfully shunned, scorned and mocked her entire life." In another tweet, he described her as "a mess" who her grandfather "couldn't stand."

168. Due to Defendants' fraud, Mary suffered damages in an amount to be proven at trial.

169. Mary is also entitled to an award of punitive damages from Defendants because their conduct toward her was malicious, wanton, and willful, and because Defendants' schemes also harmed the public by evading applicable taxes and by improperly raising rents on Defendants' low-income tenants.

## **COUNT 2**

### **Fraudulent Concealment**

170. Mary incorporates by reference all preceding paragraphs and re-alleges them as if fully set forth herein.

171. Defendants had a duty to disclose to Mary accurate information about the value of her Interests before she entered the Purported Agreements because the true value of Mary's Interests were "special facts" known and knowable only to Defendants.

172. Defendants' superior knowledge of such essential facts, coupled with their knowledge that Mary was acting on the basis of incorrect information, made nondisclosure inherently unfair.

173. By virtue of their dominant and controlling positions in the family business and their fraudulent conduct and conspiracy as detailed above, Defendants were aware of information,

not readily available to Mary, demonstrating that the representations in the financial statements and the valuations they provided to Mary dramatically understated the value of the entities in which she had an interest.

174. Although Mary sought information about the value of her Interests, she could not have discovered their true value through the exercise of ordinary diligence or intelligence because Defendants, in furtherance of their fraud, had so thoroughly siphoned value away from and misrepresented the resulting value of the entities in which she had an interest for so long.

175. In short, Defendants had a duty to disclose essential facts to Mary bearing on the true value of her Interests because those facts were peculiarly within their knowledge, and Mary could not have discovered that information through the exercise of ordinary diligence or intelligence.

176. But Defendants never disclosed those facts. Instead, between at least the early 1980s and 2001, they furthered their underlying fraud by deceiving Mary about the true value of her Interests, as alleged above, through a combination of affirmative misrepresentations, active concealment, and deliberate nondisclosure.

177. Indeed, year after year, Defendants provided Mary, through her trustee Durben, with financial documents that were designed to dupe her into believing that her Interests were being protected.

178. And Defendants expressly referred to the decades of representations and omissions they made to Mary in the Purported Agreements.

179. Defendants knew that accurate information about the true value of her Interests was material information that Mary needed.

180. Defendants deliberately concealed these material, special facts to mislead Mary about the value of her Interests in the months leading up to the signing of the Purported Agreements in order to induce her to relinquish her Interests in the Purported Agreements for significantly less than they were worth.

181. As alleged above, Mary reasonably and justifiably relied on Defendants' omissions in relinquishing her Interests and could not have found out the information they were concealing from her through an exercise of ordinary diligence or intelligence.

182. As a direct and proximate result of Defendants' misleading omissions and their failure to disclose the special facts peculiarly within their knowledge, Mary suffered injury by relinquishing her Interests for far less than they were worth.

183. Due to Defendants' fraudulent concealment, Mary suffered damages in an amount to be proved at trial.

184. For the reasons alleged above, Mary is also entitled to punitive damages because Defendants' conduct was malicious, wanton, and willful.

### **COUNT 3** **Fraudulent Inducement**

185. Mary incorporates by reference all preceding paragraphs and re-alleges them as if fully set forth herein.

186. As more fully set alleged above, Defendants fraudulently induced Mary to enter into the Purported Agreements, and thereby to relinquish her Interests, by knowingly and falsely representing the value of assets in which Mary held Interests, throughout their fraud and leading up to and during settlement negotiations and in the Purported Agreements themselves.

187. Defendants' misrepresentations were materially false and misleading because they dramatically understated the value of assets in which Mary held Interests.

188. Defendants' omissions were materially false and misleading because they had the purpose and effect of leaving Mary with a misimpression of the value of assets in which Mary held Interests.

189. The Purported Agreements expressly referred to, and incorporated by reference, decades of representations and omissions made by Defendants.

190. When Defendants made the representations regarding the assets in which Mary held Interests, they knew the representations were false or made the representations with reckless disregard to their falsity. Indeed, as alleged above, Defendants themselves directed the creation of the fraudulently understated valuations on which these representations relied and directed the fraud that led to these incorrect valuations.

191. Defendants intended that Mary would rely on their misrepresentations of the value of the assets in which Mary had Interests and deliberately made the misrepresentations to induce Mary to enter into the Purported Agreements.

192. Mary reasonably and justifiably relied on Defendants' falsely low representations of the value of the assets in which she had Interests when she decided to enter into the Purported Agreements.

193. As a direct and proximate result of relying on Defendants' false representations of the values of her various Interests inducing her to sign the Purported Agreements, Mary relinquished her Interests for an amount far lower than their actual worth and suffered damages in an amount to be proven at trial.

194. For the reasons alleged above, Mary is also entitled to punitive damages because Defendants' conduct was malicious, wanton, and willful

**COUNT 4**  
**Negligent Misrepresentation**

195. Mary incorporates by reference all preceding paragraphs and re-alleges them as if fully set forth herein.

196. As more fully alleged above, Defendants had a special relationship with Mary regarding her Interests based on their fiduciary relationship and their status as executors of Fred Sr.'s estate, majority partners and owners in Midland and her Land Interests, and trustees of Mary's 1976 trust.

197. Durben also had a special relationship with Mary as her trustee with respect to each of these Interests. Defendants and Durben therefore had a duty to provide correct information regarding the value of Mary's Interests during settlement negotiations.

198. Defendants and Durben knew or should have known that Mary would rely on their representations regarding the value of her Interests, including but not limited to during the negotiations following Fred Sr.'s death.

199. Defendants and Durben provided Mary with incorrect information regarding the value of Mary's Interests.

200. Defendants and Durben failed to use reasonable care to ensure that their representations were correct.

201. Mary's reliance on these representations when she decided to enter into the Purported Agreements was reasonable because Defendants controlled, managed, and operated the overall business empire and had near-exclusive access to information while Mary had no involvement in how her Interests were managed and did not participate in the underlying business in any way.

202. In addition, because Durben was her trustee, Mary reasonably relied on his representations when she decided to enter into the Purported Agreements.

203. As a direct and proximate result of Defendants' and Durben's false and misleading representations, Mary has suffered damages in an amount to be proven at trial.

204. For the reasons alleged above, Mary is also entitled to punitive damages because Defendants' conduct was malicious, wanton, and willful.

### COUNT 5

#### **Civil Conspiracy to Commit Fraudulent Misrepresentation and Fraudulent Concealment**

205. Mary incorporates by reference all preceding paragraphs and re-alleges them as if fully set forth herein.

206. Together with Durben and Von Ancken (the "Co-Conspirators"), Defendants agreed to misrepresent and conceal from Mary the true value of the entities that comprised her Interests.

207. Over more than a decade, Defendants, with help of their advisors and Co-Conspirators, siphoned millions of dollars from the entities in which Mary had an interest, drove down their value, and provided Mary with financial statements and other documents and statements they knew were predicated on misrepresentations, including false valuations, or provided with reckless disregard to their falsity.

208. All the while, Defendants and their Co-Conspirators refused to disclose the true value of Mary's Interests, despite having fiduciary duties and superior knowledge of the essential facts that Mary could not readily ascertain.

209. Defendants and their Co-Conspirators took these actions intentionally and in furtherance of their agreement. Defendants' and their Co-Conspirators' misrepresentations of the

value of Mary's Interests and their refusal to disclose essential information were material to Mary's relinquishment of her Interests.

210. Defendants and their Co-Conspirators intended that Mary would rely on their misstatements and omissions.

211. Mary reasonably and justifiably relied on Defendants' and their Co-Conspirators' misstatements and omissions and could not have discovered the truth through ordinary intelligence—Defendants and their Co-Conspirators deliberately and effectively concealed their collusive fraud from Mary, other members of the Trump family, and the general public.

212. As a direct and proximate result of Defendants' collusion and cooperation in misrepresenting and concealing the value of her Interests, Mary relinquished her Interests for far less than their fair market value, and was thereby injured.

213. For the reasons alleged above, Mary is also entitled to punitive damages because Defendants' conduct was malicious, wanton, and willful.

**COUNT 6**  
**Civil Conspiracy to Commit Fraudulent Inducement**

214. Mary incorporates by reference all preceding paragraphs and re-alleges them as if fully set forth herein.

215. Together with their Co-Conspirators, Defendants agreed to misrepresent the value of Mary's Interests and failed to disclose essential facts to her in an effort to deceive her into believing that the value of her Interests was substantially lower than it actually was.

216. Defendants and their Co-Conspirators provided Mary with misrepresentations and concealed essential facts in the Purported Agreements with the purpose and intent of inducing her reliance and making her believe that the entities that comprised her Interests were worth much less than their fair market value.

217. Defendants and their Co-Conspirators knew that the representations they provided to Mary were false, or provided them with reckless disregard to their falsity.

218. Mary reasonably and justifiably relied on the misrepresentations Defendants and their Co-Conspirators provided to her.

219. As a direct and proximate result of Defendants' and their Co-Conspirators' collusion and cooperation in misrepresenting the value of her Interests, Mary was injured when she relinquished her Interests for far less than their true value as set forth in the Purported Agreements.

220. For the reasons alleged above, Mary is also entitled to punitive damages because Defendants' conduct was malicious, wanton, and willful.

**COUNT 7**  
**Breach of Fiduciary Duty**

221. Mary incorporates by reference all preceding paragraphs and re-alleges them as if fully set forth herein.

222. As described in further detail in Section II, Defendants owed Mary fiduciary duties on account of their dominant ownership interest and higher level of trust that had been placed in them, their roles as her trustees, as executors, and as partners, as follows:

- a. Defendants owed Mary fiduciary duties as co-members of Midland, a limited liability company, and as partners in the associated entities, which they majority owned, operated, and controlled;
- b. Defendants owed Mary fiduciary duties as majority fee owners of the Beach Haven and Shore Haven land interests, which they operated and controlled;
- c. Defendants owed Mary fiduciary duties as executors of Fred Sr.'s estate, of which Mary was a beneficiary. In their capacity as executors, Defendants owed

Mary fiduciary duties beginning immediately on Fred Sr.'s death on June 25, 1999.

- d. Defendants owed Mary fiduciary duties as trustees of certain trust interests of which Mary was the beneficiary.

223. In addition, Defendants' co-conspirator Irwin Durben owed fiduciary duties to Mary as the trustee of her Ground Lease Interests, Midland Interests, Estate Interests, and 1976 Trust, *see supra* Section II.

224. As such, Defendants had a fiduciary duty to speak and inform Mary of their scheme to siphon away value from her, to devalue her Interests, to misrepresent their value in various financial documents, and to squeeze her out of her Interests.

225. In addition, as fiduciaries, Defendants owed Mary duties of good faith, fair dealing, and full disclosure, and were not permitted to engage in transactions that created conflicts of interest.

226. Defendants breached their fiduciary duties to Mary beginning in the early 1980s and throughout the 1990s by self-dealing, siphoning her Interests, devaluing them, misrepresenting their value, and attempting to fraudulently squeeze her out of them, as alleged above.

227. As a direct result of Defendants' breach of these duties, Mary suffered damages from the dramatic reduction in value of her Interests, including their book value and their net income.

228. In so doing, Defendants showed wanton disregard for Mary. They willfully, egregiously, and repeatedly abused their position of trust and deprived Mary of her Interests in order to maximize their own profits.

229. Mary sustained damages directly caused by Defendants' breach of their fiduciary duties in an amount to be proven at trial.

230. For the reasons alleged above, Mary is also entitled to punitive damages because Defendants' conduct was malicious, wanton, and willful.

**COUNT 8**  
**Aiding and Abetting Breach of Fiduciary Duty**

231. Mary incorporates by reference all preceding paragraphs and re-alleges them as if fully set forth herein.

232. As alleged above in Count 7, Defendants breached the fiduciary duties they owed to Mary as co-executors of Fred Sr.'s estate, as co-trustees of the 1976 trust, as partners in and co-members of Midland, and as majority owners of the Beach Haven and Shore Haven land interests. Irwin Durben also breached the fiduciary duties he owed to Mary as trustee of her Land Interests, Midland Interests, and co-trustee of the 1976 trust.

233. Each Defendant was aware of the fraud. Each Defendant lent substantial assistance to each other, and to Durben, in furtherance of the fraud and breach of fiduciary duty. And each Defendant's refusal to disclose the fraud and breach of fiduciary duty to Mary helped conceal Defendants' breach and enabled it to occur.

234. Defendants knew of each other's fiduciary duties and the duties owed by Durben and, due to their participation, had actual knowledge of the pertinent breaches.

235. Due to each Defendants' substantial assistance in the breach of fiduciary duties, Mary suffered damages in an amount to be proven at trial.

236. For the reasons alleged above, Mary is also entitled to punitive damages because Defendants' conduct was malicious, wanton, and willful.

**PRAYER FOR RELIEF**

WHEREFORE, judgment should be entered in favor of Plaintiff and against Defendants, jointly and severally, as follows:

- a. compensatory damages in excess of \$500,000 and in an amount to be proven at trial;
- b. punitive damages in an amount to be proven at trial;
- d. prejudgment and post-judgment interest;
- e. attorneys' fees, litigation expenses, and costs; and
- f. such other relief as may be just and proper.

Dated: September 24, 2020  
New York, New York

By: \_\_\_\_\_



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