SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK
----------X
THE PEOPLE OF THE STATE OF NEW YORK,
by ERIC T. SCHNEIDERMAN, Attorney General of the
State of New York,

Petitioner,

-against-

THE TRUMP ENTREPRENEUR INITIATIVE LLC f/k/a TRUMP UNIVERSITY LLC, DJT ENTREPRENEUR MEMBER LLC f/k/a DJT UNIVERSITY MEMBER LLC, DJT ENTREPRENEUR MANAGING MEMBER LLC f/k/a DJT UNIVERSITY MANAGING MEMBER LLC, THE TRUMP ORGANIZATION, INC., TRUMP ORGANIZATION LLC, DONALD J. TRUMP, and MICHAEL SEXTON,

Respondents.
---------- X

VERIFIED PETITION

Index No.
IAS Part _____
Assigned to Justice _____

The People of the State of New York, by their attorney, ERIC T. SCHNEIDERMAN, Attorney General of the State of New York, respectfully allege, upon information and belief:

INTRODUCTION

1. From 2005 through 2011, respondents operated an unlicensed, illegal educational institution from their headquarters in New York City, which purported to teach students Donald Trump's real estate strategies and techniques. Until May 2010, respondents operated their program illegally as "Trump University," because they were not chartered as a university as required by New York law and were even notified by the New York State Education Department ("NYSED") as early as 2005 that their use of the word "university" violated New York law.

2. Respondents engaged in a widespread marketing campaign for Trump University both in New York and across the country to lure prospective students to a free 90-minute seminar

that served as a sales pitch for a three-day seminar costing $1495[1] — but this three-day seminar was itself an upsell to increasingly costly "Trump Elite" packages starting at around $10,000 and ending with what was supposed to be a year-long personal mentorship programs at a cost of $35,000. To induce students to enroll in their paid courses, respondents engaged in numerous deceptive practices. Respondents repeatedly claimed that prospective students would be taught by successful real estate "experts" who were "handpicked" by Donald Trump. In fact, respondents lacked substantiation for the claims that their instructors and mentors were successful real estate entrepreneurs. Not a single one was "handpicked" by Donald Trump. Many came to Trump University from jobs having little to do with real estate investments, and some came to Trump University shortly after their real estate investing caused them to go into bankruptcy. Respondents also assured prospective students that they would recoup the cost of the courses in a few months, with "insider" access to special financing and close mentoring by Trump instructors who would coach students through their first real estate deal. Relying on these representations, individuals spent thousands of dollars of their savings or took on thousands of dollars in debt — while Trump University brought in over $40 million in revenue.

3. Trump University's day-to-day operations were directly managed by Donald Trump's closely-held holding company, The Trump Organization, and almost none of the formalities of a separate corporate existence were observed by Trump University or the limited liability companies through which Donald Trump purported to hold his stake in it. Trump University could not even issue its own checks, and it never held a board meeting. Meanwhile, both Michael Sexton and Donald Trump were personally and knowingly involved with the operations of Trump University, with Sexton taking an active role in the company's conduct and

[1] This program went by a variety of names at different times, including "Fast Track to Foreclosure Investing," the "Profit from Real Estate Investing," "The Apprenticeship Program," and the "Real Estate Investor Blueprint" program.

Trump personally approving each of the misleading advertisements it published — all the while ignoring the repeated warnings of NYSED, as far back as 2005, that Trump University was operating without a license in violation of New York law, thus evading a comprehensive regulatory system designed to prevent exactly the sort of deceptive practices at issue here.

4. Through their deceptive and unlawful practices, respondents intentionally misled over 5000 individuals nationwide, including over 600 New Yorkers, into paying as much as $35,000 each to participate in live seminars and mentorship programs with the promise of learning Donald Trump's real estate investing techniques.

PARTIES AND JURISDICTION

5. Petitioner is the People of the State of New York, by their attorney, Eric T. Schneiderman, Attorney General of the State of New York.

6. Petitioner brings the above-captioned special proceeding pursuant to Executive Law § 63(12), Education Law §§ 224 and 5001-5010, and General Business Law §§ 349 and 350 to enjoin respondents from engaging in deceptive acts and practices and false advertising in connection with the operation of Trump University (later known as Trump Entrepreneurship Institute), an unlicensed educational institution that fraudulently induced students to enroll in seminars on real estate investing. Executive Law § 63(12) empowers the Attorney General to seek injunctive relief, restitution, disgorgement, damages, and costs when any person or business entity has engaged in or otherwise demonstrated repeated or persistent fraudulent or illegal acts in the transaction of business. GBL § 349(a) prohibits deceptive acts or practices in the conduct of any business, trade, or commerce, or in the furnishing of any service, in New York. GBL § 349(b) authorizes the Attorney General to seek injunctive relief and restitution whenever he believes that any person or entity has engaged in or is about to engage in any deceptive acts or

practices. GBL § 350-d empowers the Attorney General to seek penalties when any person or entity has engaged in deceptive business practices or false advertising in violation of GBL Article 22-A. Education Law § 5003(5) empowers the Attorney General to bring any appropriate action or proceeding in any court of competent jurisdiction to recover a fine or otherwise enforce any provision of Article 101 of the Education Law.

7. Respondent The Trump Entrepreneur Initiative LLC ("Trump University") is a New York limited liability company with its principal place of business at 40 Wall Street, 32nd Floor, New York, New York. The company was originally created pursuant to the laws of the State of New York under the name Trump University LLC on October 25, 2004. Its name was changed to The Trump Entrepreneur Initiative LLC pursuant to a Certificate of Amendment filed with the New York Secretary of State on May 20, 2010.

8. Respondent DJT Entrepreneur Member LLC is a New York limited liability company. It does not list a principal place of business with the New York Secretary of State. The company was originally created pursuant to the laws of the State of New York under the name DJT University Member LLC on October 25, 2004. Its name was changed to DJT Entrepreneur Member LLC pursuant to a Certificate of Amendment filed with the New York Secretary of State on May 20, 2010.

9. Respondent DJT Entrepreneur Managing Member LLC is a New York limited liability company. It does not list a principal place of business with the New York Secretary of State. The company was originally created pursuant to the laws of the State of New York under the name DJT University Managing Member LLC on October 25, 2004. Its name was changed to DJT Entrepreneur Managing Member LLC pursuant to a Certificate of Amendment filed with the New York Secretary of State on May 20, 2010.

10. Respondent The Trump Organization, Inc. is a New York corporation with a principal place of business of 725 Fifth Avenue, 26th Floor, New York, New York.

11. Respondent Trump Organization LLC is a New York limited liability company with a principal place of business of 725 Fifth Avenue, New York, New York.

12. Respondent Donald J. Trump is the Chief Executive Officer of The Trump Organization, Inc. and Trump Organization LLC and the Chairman of Trump University. He is a New York citizen who resides at 725 Fifth Avenue, New York, New York.

13. Respondent Michael Sexton is the former President of Trump University. He is a New York citizen who resides at 31 Rye Road, Rye, New York.

14. Respondents waived service of the notice required by Executive Law § 63(12) and General Business Law § 350-d.

FACTS

Violations of New York State Education Law

15. In 2004, Donald Trump, Michael Sexton, and Jonathan Spitalny formed Trump University LLC as a New York limited liability company. The original business plan focused primarily on long-distance learning through Internet-based webinars on a broad array of business topics, though they were "experimenting" with a variety of formats, including some live programs.

16. In 2005, NYSED became aware that Trump University was operating an unlicensed educational institution in New York, purportedly to teach students how to do real estate and other business deals.

17. NYSED wrote to Trump University, and to Donald Trump and Michael Sexton personally, several times starting in 2005, notifying Trump University and Trump that they were

in violation of New York law. NYSED officials also contacted Trump University in person, by phone, and by email.

18. In these communications, NYSED informed Trump University, Donald Trump, and Michael Sexton that

(a) Trump University was violating New York Education Law by calling itself a "University" when in fact it was not chartered as such, and that

(b) Trump University needed to be licensed by NYSED if it wanted to offer student instruction or training in New York.

19. In June 2005, respondents, through Sexton, communicated in a series of e-mails with Joseph Frey, then the Assistant Commissioner of the Office of Quality Assurance of the Office of Higher Education at NYSED. Frey told Sexton that Trump University would not be subject to the New York Education Law licensure requirement if did not have a physical presence in New York State, predicated on two conditions: (a) Trump University needed to have its place of business and its corporate organization outside New York, and (b) it could not run live programs or other live training in New York. Sexton responded that Trump University would abide by those conditions by creating a new LLC in Delaware and merging the New York LLC into the Delaware entity. Sexton further stated that Trump University would refrain from holding live programs in New York.

20. Yet Trump University did **not** abide by these conditions.

21. First, although the Trump Organization created a new Delaware LLC, the New York and Delaware entities never merged, and Trump University continued communicating to both government entities and to students that its principal place of business was 40 Wall Street in New York, throughout the entire period of its operation.

22. Second, Trump University held at least fifty live programs in New York between 2006 and 2011.

23. In fact, the business decision to expand Trump University's live programming occurred only six months after Sexton's agreement with Frey, in late 2005 or early 2006. At that time, Trump University shifted its business model to focus mostly on live programs and instruction, both in New York and nationally. Although respondents first relied on a third-party licensee to run live seminars, by 2007, Trump University began operating its own live programming and instruction, produced and executed in-house.

24. Ultimately, for more than five years, respondents failed to take any steps to rectify the legal violations raised by NYSED.

25. It was not until May 2010 that Trump University finally dropped "University" from its name.

26. By ignoring NYSED and continuing to use the "Trump University" name from 2005 to 2010, respondents also repeatedly deceived students into thinking that they were attending a legally chartered "university." Students relied on those misrepresentations, inducing them to pay for Trump University's programs.

27. Indeed, the very fact that Trump University LLC was organized and based in New York misled students into believing that Trump University was obeying New York laws requiring the licensure, regulation, and chartering of all universities and other educational institutions operating in New York state.

28. Trump University repeatedly reinforced the misperception that it was a real "university" by employing many of the signs, symbols, terminology, and other indicia of colleges and universities.

29. Instructors routinely referred to themselves as "faculty" and to the Trump University program participants as "students" and then "graduates" after completing a course and going through "graduation."

30. The Trump University program was regularly called a "curriculum," and students' payments were repeatedly referred to as "tuition."

31. Some instructors claimed that a Trump degree "is a bit of a college degree" and that Trump University offered "graduate programs, post graduate programs, [and] doctorate programs."

32. Trump University used a university-like seal on many of its materials and issued diploma-like Certificates of Accomplishment to students for courses they completed. Instructors repeatedly lured students into enrolling in Trump University programs with the promise of these imitation "certificates" bearing Donald Trump's signature.

33. By circumventing the licensure regime, Trump University, as a "private career school," repeatedly violated an array of Education Law regulations and regular reviews by NYSED, including, for example: (a) all school directors and teachers must be individually licensed by NYSED; (b) all school sales agents working on commission must be individually certified by NYSED; (c) NYSED has authority to monitor schools' advertising to ensure it is not false, misleading, deceptive, or fraudulent, and is consistent with Article 22-A of the General Business Law; and (d) each school is required to pay tuition assessments, in part to fund a "tuition reimbursement account" managed by NYSED, for the payment of refunds to students.

34. To the present day Trump University has **never** obtained or even applied for the proper licensure to operate as an educational institution in New York State. Neither Trump University nor any of its employees or representatives ever apply for any other licenses,

certifications, or approvals from NYSED for its teachers, directors, or sales agents. Trump University never submitted any materials to NYSED for approval in compliance with the Education Law. In addition, Trump University never paid any tuition assessments to NYSED to fund reimbursements to students.

Trump University's Advertisements

35. From the beginning of its operations, Trump University engaged in extensive advertising and marketing campaigns via, *inter alia*, publishing advertisements in newspapers, sending print and electronic mail to prospective students, and running advertisements on radio and television.

36. These advertisements invited prospective students to attend free seminars where they would learn Donald Trump's techniques for investing in real estate from Donald Trump's "handpicked experts." Such advertisements were published repeatedly in the New York City area in publications such as the New York Post, Newsday, New York Metro, AM New York, the Newark Star-Ledger, and the Bergen County Record. Similar advertisements were also published in most major metropolitan areas nationwide.

37. For example, one typical Trump University advertisement read:

> Learn from Donald Trump's handpicked expert how you can profit from the largest real estate liquidation in history. Attend our FREE Investor workshop!
>
> . . . .
>
> He's the most celebrated entrepreneur on earth. He's earned more in a day than most people do in a lifetime. He's living a life many men and women only dream about. And now he's ready to share -- with Americans like you -- the Trump process for investing in today's once-in-a-lifetime real estate market.
>
> . . . .

Come to this FREE Introductory class and you'll learn from Donald Trump's handpicked instructor a systematic method for investing in real estate that anyone can use effectively. You'll learn foreclosure investing from the inside out. You'll learn how to finance your deals using other people's money. You'll learn how to overcome your fear of getting started.

. . . .

"I can turn anyone into a successful real estate investor, including you."
- Donald Trump

38. Another advertisement stated:

"Are YOU the next DONALD TRUMP?" "Come Prove it to me!"

. . . .

My team of real estate experts is coming to your area in the next few days to conduct my Intro Apprenticeship Workshop.

. . . .

Attend my Intro Apprenticeship Workshop and learn how to:

Use short sales to CONTROL property

Buy FORECLOSED properties from banks at deep discounts

Increase your financial POWER with leverage

Negotiate PROFITABLE deals that meet your goals

Develop CONFIDENCE to succeed in real estate

My Intro Apprenticeship Workshop is FREE!

[signed: Donald J. Trump.]

39. Trump University also sent prospective students in New York and elsewhere direct mail solicitations from their headquarters at 40 Wall Street inviting them to attend a free Trump University class. At least forty-one such solicitations in 2009 alone contained the misrepresentation that Trump University's instructors were "handpicked" by Donald Trump.

40. One such solicitation, signed by Donald Trump, invited prospective students to "come to my free class" where "[i]n just 90 minutes, my hand-picked instructors will share my techniques, which took my entire career to develop." The letter advised: "Then just copy exactly what I've done and get rich." In other solicitations, bearing Donald Trump's signature and sent from 40 Wall Street, New York, New York, Donald Trump asserted that "I'm sharing my proprietary 'Blueprint For Real Estate Success'" and invited prospective students to attend a "FREE Trump Training Workshop" in their area to be led by "[m]y hand-picked instructors."

41. Many of the solicitation letters also included a logo at the top that read "TRUMP" and "From the Office of Donald J. Trump" and often included at the bottom the address "40 Wall Street, 32nd Floor - New York, NY 10005."

42. Envelopes had similar branding and information, with the return address noted as "TRUMP, From the Office of Donald J. Trump, 40 Wall Street, 32nd Floor, New York, NY 10005," under which was written "Are YOU my next Apprentice?" followed by Donald Trump's name and signature.

43. Trump University made similar claims on its website, trumpuniversity.com, as well as when individuals called Trump University. The website described Trump University's mentorships as an "opportunity to hit the streets with an experienced real estate investor" and "expert" who was "hand-selected by Donald J. Trump" and would help the student through a series of detailed steps in researching and executing real estate investments.

44. Additionally, Trump University customer service representatives were instructed to tell callers that Trump University's free seminar "will be led by [Donald Trump's] handpicked team of real estate experts."

45. In actuality, as described below, much of what Trump University asserted in these advertisements and promotions was not true.

46. Instead, the free seminars were the first step in a bait and switch to induce prospective students to enroll in increasingly expensive seminars starting with the three-day $1495 seminar and ultimately one of respondents' advanced seminars such as the "Gold Elite" program costing $35,000.

Trump University's Free Seminar: A Sales Pitch for Trump University's 3-day $1495 Seminar

47. At the "free" 90-minute introductory seminars to which Trump University advertisements and solicitations invited prospective students, Trump University instructors engaged in a methodical, systematic series of misrepresentations designed to convince students to sign up for the Trump University three-day seminar at a cost of $1495.

Claims about Students' Likelihood of Success after Attending the Three-Day Seminar

48. The instructors convinced prospective students to purchase the three-day seminar by misrepresenting their likelihood of success in real estate investing after attending the seminar, the time it would take to achieve that success, and the time they would need to spend on investing in order to be successful.

49. These claims of success stand in stark contrast to the statements Trump University instructors subsequently made at the three-day seminars — telling participants that they were unlikely to succeed after just the three-day seminar, that they needed mentoring in order to succeed and that it was extremely unlikely that any of the participants would meet with such quick success.

50. In fact, as discussed below, Trump University students who worked to apply what they had learned met with frustration and often ended up worse off financially than they had been before.

51. Former president Michael Sexton admitted in his sworn subpoenaed testimony that "[t]here wasn't anything sophisticated about" the three-day seminar and that instead it was "really an opportunity for an individual to make the decision[:] is real estate investing something that I am actually going to pursue[?]" rather than actually teaching them what they needed to know to get started.

Claims That Trump University Speakers Were "Handpicked" by Donald Trump

52. In Trump University's advertisements and solicitations and later in its instructional materials and communications to students attending its seminars, respondents routinely reiterated the false claim that Donald Trump "handpicked" Trump University's instructors.

53. First, an introductory video featuring Donald Trump, persuading prospective students to sign up for Trump University, was typically played at each of Trump University's free seminars, and it was also featured in a set of Trump University compact discs that contained an audio recording of a three-day seminar.

54. In the video, Donald Trump himself tells prospective students: "Honestly, if you don't learn from [the instructors], if you don't learn from me, if you don't learn from the people that we're going to be putting forward, and **these are all people that are handpicked by me**, then you're just not going to make it in terms of the world of success."

55. Trump University instructors repeatedly represented that they had been chosen personally by Donald Trump to be instructors and that they had other personal connections to or relationships with Donald Trump, such as being "Donald Trump's personal real estate coaches."

56. In fact, none of the speakers were handpicked by Donald Trump or had ever been one of his "personal real estate coaches."

57. The representations that Trump University's instructors were "handpicked" by Donald Trump inspired confidence in the seminars and induced students to purchase them.

Representations that Donald Trump Would Appear at the Three-Day Seminar

58. Trump University speakers repeatedly insinuated that Donald Trump would appear at the three-day seminar, claiming that he "is going to be in town" or "often drops by" and "might show up" or had just left, or baited students with the promise of a "surprise" or a "special guest speaker."

59. As students later discovered, these claims were untrue. Rather than being photographed with Donald Trump, they were offered the chance to have photos taken with a life-size photo of Donald Trump.

Claims that Trump University Taught Donald Trump's Own Strategies and Techniques for Investing in Real Estate

60. As touted in respondents' advertisements, Trump University instructors repeatedly represented that its seminars would teach students Donald Trump's personal strategies and techniques for real estate investing.

61. In fact, no specific Donald Trump techniques or strategies were taught during the seminars. Donald Trump "never" reviewed any of Trump University's curricula or programming materials, nor did he review any of the content for the free seminars or the three-day seminars.

62. Instead, the contents and materials presented by Trump University were developed in large part by a third-party company that creates and develops materials for an array of motivational speakers and seminar and timeshare rental companies. In addition to being heavily involved in creating and editing much of Trump University's curricula and materials (including, *inter alia*, slides for seminars), this third-party company reviewed and provided feedback on transcripts of Trump University presentations and worked on training and coaching the Trump University instructors.

63. Trump University instructors also drafted, edited, or contributed to the materials and curricula developed and used by Trump University.

64. Trump University's repeated claims that the seminar material consisted of Donald Trump's own personal strategies were part of a deliberate effort to appropriate generic material common to motivational seminars on real estate and to characterize this material as being Donald Trump's own proprietary information. The ultimate goal was to lure students with Donald Trump's fame and celebrity status.

65. Trump University's seminars carried this celebrity branding even further, playing the theme song from Donald Trump's popular reality television shows *The Apprentice* and *The Celebrity Apprentice* — "For the Love of Money," by the O'Jays — at the beginning and end of the presentation, and encouraging students to have their photographs taken with the life-size photo of Donald Trump. Moreover, as noted above, an introductory video featuring Donald Trump persuading students to sign up for Trump University was typically played at each of Trump University's free seminars.

66. As a result of this marketing strategy, including Trump University's implied and express associations with Donald Trump and the impression that Donald Trump was directly

involved with the creation and review of the "techniques" and "strategies" it presented, students purchased costly Trump University classes.

Misrepresentations as to What Would Be Included in the Three-Day Seminar

67. In addition to touting the role of Donald Trump in the three-day seminars, respondents made a number of false claims regarding the content of the seminars.

68. Comprehensiveness of the Three-Day Seminar – Trump University speakers represented that the three-day seminar would teach students "everything you need to know" about investing in real estate and would "be the last real estate education you will ever need for the rest of your life."

69. In fact, as described below, these representations were false.

70. Access to "Private" or "Hard Money" Lenders and Financing – Trump University speakers claimed that students who participated in the three-day program would obtain insider access to financing for their real estate deals.

71. In particular, instructors represented that the three-day seminar would provide special instruction to students on how to obtain alternative "private" or "hard money" sources of financing, rather than traditional loans from banks.

72. Some Trump University presentations claimed that they had a "list" of "hard money lenders" in the locality where the presentation was held, as well as nationally, and that they would personally help students access these sources of alternative financing.

73. In fact, there is no evidence that the three-day seminars contained substantive instruction on "how to raise private money," and the supposedly special "database" of lenders turned out to be a list photocopied from an issue of *Scotsman Guide*, a commercially available magazine.

74. Instead, once they were at the three-day program, students were told they would need to purchase and attend additional programs such as the "Creative Financing Retreat" in order to learn more about hard money lenders, paying an additional $5000 (or up to $35,000 as part of the Gold Elite package).

75. Ultimately, as described in further detail below, Trump University repeatedly failed to provide the promised access to "hard money" or private financing or lenders — even to students who paid $35,000 or more for the Trump Gold Elite packages.

76. Year-Long "Apprenticeship Support" Program – Trump University also claimed that students who purchased the three-day seminar would receive a more extensive, twelve-month-long "Apprenticeship Support" program, during which Trump University representatives would be available via a toll-free telephone "hotline" to answer students' questions about real estate investing.

77. These claims were also false.

78. Trump University did not have a "hotline" for students with substantive questions about real estate.

79. Instructors generally did not make themselves available to anyone who did not sign up for the Trump Elite programs — and often, not even then.

80. Moreover, students attending the three-day seminar discovered that if they declined to purchase the more expensive Trump Elite programs, they were ignored by Trump University staff for the rest of the seminar and even told they could go home as early as the end of the second day.

81. Improvement of Credit Scores – Trump University further claimed that the three-day seminar would help students improve their credit scores and terms.

82. Instead, instructors at the three-day seminars encouraged students to contact their banks to request increases of the borrowing limits on their credit cards. Trump University students later discovered that requesting increases in borrowing limits typically lowers a student's FICO score rather than increasing it.

83. In fact, as discussed further below, the actual reason Trump University asked students to request higher credit limits was so that the students could afford to pay for the more expensive Trump Elite programs.

Claims that Donald Trump Was Not Profiting from Trump University

84. Trump University also claimed that Donald Trump was not profiting from Trump University and founded it solely for philanthropic purposes. According to Trump University speakers, students' payments for the three-day seminar would not go to Donald Trump.

85. In fact, Donald Trump netted about $5 million in profit from Trump University. Notwithstanding this fact, instructors claimed that the costs of Trump University programs were designed to ensure that students would feel invested in them. Similarly false claims were made again when instructors regarding the Trump Elite programs.

Trump University's Three-Day Program: a Sales Pitch for Their "Elite" Programs

86. When students reached Trump University's three-day seminar, they learned that contrary to what they had been promised at the free seminars, they were **not** going to learn everything they needed to know to start investing. Instead they were told that they had to purchase additional programs to get the help they would supposedly need to succeed — and that they would fail if they did not continue at Trump University.

87. Thus, rather than a comprehensive program that would teach them everything they needed to know about investing in real estate (as they had been promised at the free seminars), the three-day seminar included an extended sales pitch for the Trump Elite mentorship programs.

88. This bait and switch was laid out in the Trump University Playbook ("Playbook"), which provided step-by-step directions to Trump University instructors on what to tell students during the seminars. Speakers were instructed to tell three-day seminar students: "We need longer than three days!" Speakers were also told not to "let [the students] think three days will be enough to make them successful." The Playbook further noted that "[i]f all Trump U team members are following these procedures it will greatly improve our chances to sell elite packages. Even one coordinator giving them the impression three days is enough that can hurt sales."

89. The Playbook makes clear that the purpose of the three-day seminars was to upsell the expensive Elite programs. Trump University representatives were instructed to identify "buyers" by reviewing profile sheets filled out by the students listing their liquid assets to determine who could pay for the costly programs. Trump University instructors and staff were given detailed guidance as to how to build rapport and approach consumers one-on-one to encourage further purchases. Trump University representatives were explicitly instructed to push the highest priced Elite programs. Even when students hesitated to purchase the expensive programs, Trump representatives were provided stock responses to encourage purchases, including encouraging students to go into debt to pay for the Elite programs.

90. Many students were upset by such 180-degree turns in Trump University's message, believing they had paid $1495 each for a comprehensive three-day training program but then concluding that they had paid to attend a "sales pitch."

91. Trump University speakers and representatives also claimed that the stated prices of the Trump Elite programs were only available on the day of the offer and would increase thereafter. This was a deliberate high-pressure sales tactic to push students into purchasing the Trump Elite programs without having a chance to consider them carefully.

92. Moreover, Trump University's speakers, mentors, and sales representatives had a strong incentive to sell as many of the Trump Elite packages as they could, as nearly all of them were independent contractors who were compensated solely on the basis of commissions on the sales generated at their seminars.

93. Ultimately, the promises made by Trump University regarding what would happen at the three-day seminar were false — with no instructors "handpicked" by Donald Trump, no appearance by Donald Trump, none of Donald Trump's own personal investing techniques, no special access to "hard money" lenders, and no "hotline" for students to call with substantive real estate questions.

The "Trump Elite" Programs' Promised Mentorships

94. To induce students to enroll in Trump University's Elite programs costing students $10,000 to $35,000, Trump University speakers repeatedly touted the mentorship program as providing comprehensive one-on-one training during which students would have personal assistance every step of the way until they executed their first real estate investment deals — an enticing but empty promise that cost students tens of thousands of dollars but gave them little in return.

95. Trump University instructors represented that Trump mentors would provide intensive follow-up guidance for at least six to twelve months, would be mentors "for life," would

help students negotiate price and terms on any properties they found and would respond to communications within twenty-four hours.

96. For example, one mentor described a Trump University mentor as someone "who will actually come out and will do real estate with you. He will hold your hand and will walk you right through everything. The analysis, the properties…"

97. Students were told that mentors would effectively "do a deal" for those students who purchased an Elite package and would review prospective real estate transactions with the students.

98. Students relied on these representations to buy the Trump Elite packages. Specifically, students were lured by instructors' promises to mentor them personally and promises to provide intensive personal guidance and mentorship for up to a year.

99. In fact, students who enrolled in the Elite programs did not receive the individual attention promised. After the initial in-field component of the Trump Elite program, lasting three days, many mentors simply disappeared — failing even to return telephone calls and e-mails from students with questions about prospective real estate deals.

100. Some students discovered that they could barely reach their mentors, receiving only a few short phone calls and little to no follow-up assistance, and what advice the mentors did dispense was often unhelpful and unprofessional.

Promised Access to "Private" or "Hard Money" Lenders and Financing

101. Trump University also induced students into purchasing the Trump Elite programs by again dangling the possibility that they would provide special instruction and access with regard to "private" or "hard money" lenders, with instructors often promising that they

themselves were hard money lenders or personally had expertise with or access to such sources of financing.

102. Students at the three-day seminar relied on these representations about access to financing and were thus convinced to purchase the Trump Elite programs.

103. However, despite students' requests and diligent work at attempting to invest in real estate, the promised access to lenders and financing never materialized.

Representations Urging Students to Increase their Credit Limits

104. As noted above, Trump University speakers at three-day seminars urged students to call their credit card companies during a break in the sessions, requesting increases to their credit limits.

105. Speakers often claimed that the reason for this request was to obtain additional capital for real estate transactions and property improvements for "flipping" houses and apartments, but in reality the purpose was so that students could use the additional credit to purchase the expensive Trump Elite programs.

106. Trump University even provided handouts with scripted talking points for students to use in their phone calls with credit card companies, explicitly encouraging people to falsify their current income, "add[ing] projected income from our future real estate venture[s]," and to deceive credit card companies by declaring income streams from corporate entities that had not been created, with the script telling students: "If they ask you to prove income, inform them that it will be too much trouble to put all the paperwork together."

107. As previously noted, Trump University's misrepresentations regarding credit limits had the effect of damaging students' credit scores, directly contrary to claims made at the free seminars that Trump University would help increase students' credit scores.

False Promises Regarding Students' Likelihood of Success from the Trump Elite Programs

108. Finally, Trump University made deceptive promises about the likelihood and speed of success that would be experienced by Trump Elite students.

109. Trump University instructors assured students would quickly recoup their "investments" in the Trump Elite programs, needing only to expend the effort and time necessary to do the work their mentors prescribed.

110. Trump University speakers and mentors further represented that they would personally work with students until they recouped their "investments" in the Trump Elite programs.

111. Students relied on these and other similar misrepresentations when signing up for the Trump Elite programs, believing that they would recoup the costs of the programs — typically $25,000 or $35,000 — in as little as sixty days.

112. In fact, Trump University students repeatedly failed to recoup what they paid to Trump University and in many instances the students would never see or hear from those particular speakers or mentors ever again.

113. Trump University and Michael Sexton were aware of students' difficulties in obtaining the services promised as part of the Trump Elite mentorships, but failed to fix the known problems with the mentorships.

114. After completion of the three-day seminar, or the initial in-field component of a mentorship, the speaker or mentor often asked each student to complete a evaluation of the seminar or mentorship. Some students provided positive evaluations — before ultimately learning that the representations and promises made by Trump University would not materialize. Trump University instructors also asked that seminar students complete evaluations in order to

receive their Certificates of Completion for the course and "pleaded for a favorable rating so that 'Mr. Trump would invite [them] back to do other retreats.'" In other cases mentors compelled students to complete the non-anonymous evaluations in their presence, filled out the forms themselves or pressured students into giving higher scores or completing the evaluations before they had an opportunity to see if Trump University's promises would be fulfilled.

Trump University's Failure to Vet the Instructors and Mentors They Touted as Successful Real Estate Investors

115. In addition to misrepresenting the nature and quality of their mentorships, Trump University touted its instructors and mentors as successful real estate investors and experts despite receiving substantial evidence to the contrary, and took almost no substantive steps to verify the qualifications and credentials its instructors and mentors claimed to possess.

116. Indeed, it was not until late 2009 — over two years after Trump University began expanding its live courses and mentorships — before they even attempted to gather any supporting documentation from its instructors and mentors to prove that they had the claimed expertise. Rather, they relied on cursory, self-reported statements such as resumes and short application forms.

117. Even with this cursory review, Trump University became aware of evidence strongly at odds with candidates' claims of qualifications and past success, and yet Trump University retained the candidates anyway. When candidates' stated credentials were reviewed by an outside firm that conducted basic background checks on prospective instructors and mentors, the checks repeatedly found discrepancies or reported that they were "[u]nable to verify" candidates' claimed qualifications, and candidates claiming to be "self-employed" were unable to prove any income or proof that they were "employed" at all.

118. In addition, many candidates came directly to Trump University from other seminar companies — where they had worked as motivational speakers or sales representatives — or employment having little if anything to do with real estate investment.

119. Trump University was also aware that some of its instructors and mentors who had been investing in real estate had filed for Chapter 7 bankruptcy protection shortly before coming to work at Trump University, belying any claims of success as real estate investors.

120. Despite having been presented with information that candidates' claims were unverified or unsubstantiated, Trump University retained these individuals as seminar instructors, or as mentors to Trump Elite students.

Refund Practices

121. Trump University repeatedly failed to make refunds to students who did not receive the services promised, or in accordance with the three-day cooling-off period required by the Federal Trade Commission ("FTC"), 16 C.F.R. § 429 (the "FTC Rule").

122. The FTC Rule provides a three-day right of cancellation for consumers who are solicited to purchase goods or services at a place other than the seller's place of business — for example, those made at hotels and other temporary locations, such as Trump University's sales, which occurred predominantly at the seminar locations in hotel ballrooms and convention center meeting halls.

123. After students purchased the Trump Elite programs, Trump University representatives repeatedly refused to honor students' timely requests to rescind — claiming that Trump University did not permit any refunds with regard to the mentorship programs, or that the rescission period was only 24 hours.

124. Respondents also refused to honor a timely request for rescission by reiterating explicit promises of personal assistance, but then reneging on those promises after the three-day cooling-off period had expired and then ignoring demands for a refund.

125. Even in instances when Trump University did honor timely requests for rescission under the FTC Rule, it was often after a student's repeated requests over a period of weeks or months.

126. Trump University also routinely refused to provide refunds to students who complained of mentorships that were inadequate or incomplete.

127. Instead, typically Trump University was only willing to provide students with additional phone calls with a different mentor.

128. Often, it was only after a student made repeated attempts to contact Trump University, or contacted or threatened to contact his or her state attorney general, the BBB, or NYSED, that Trump University would finally provide a refund to the student.

Students' Lack of Promised Success and Financial Injury

129. Despite the hard work they expended attempting to invest in real estate, numerous Trump University students did not realize the successes that had been promised to them by their instructors and mentors — and in many instances ended up worse off than they had been before enrolling in any of Trump University's programs.

130. Trump University repeatedly told students they would quickly recoup the cost of expensive Trump University programs through successful real estate deals. Many students relied on explicit representations that they would make their money back in thirty or sixty days or on the first deal. Some students took on upwards of $20,000 in credit card debt, often at the suggestion of Trump University speakers, that they are still paying off. One student lost her life savings, and

another had to downsize from a house to a studio apartment, as a result of their investments in the costly mentorship programs.

131. Trump University repeatedly failed to deliver what was promised — promises such as adequate training, available and knowledgeable mentors, and access to hard money lenders. And despite their expensive investments, students regularly failed to conclude even a single real estate transaction, let alone recoup the cost of the Trump University programs.

Liability of Donald Trump, Michael Sexton and the Trump Organization for the Acts and Practices of Trump University

Donald Trump

132. Donald Trump, both personally and through The Trump Organization, controlled many critical aspects of Trump University on a day-to-day basis — including the purse strings, the advertisements, legal and regulatory matters, and a host of other functions.

133. Donald Trump participated directly in the creation of Trump University and its operation. In fact, in a private action against Trump University in federal court, Trump has conceded that he had "significant involvement with both the operation and overall business strategy of Trump University," including "attending frequent meetings" with Michael Sexton "to discuss Trump University's operations."

134. Donald Trump holds his stake in Trump University through two closely held corporations, DJT University Member LLC and DJT University Managing Member LLC, together giving him control of 92% of the equity in Trump University.

135. Donald Trump invested all of the initial capital into Trump University: $1.8 million at first, with later contributions bringing the total to around $2 million.

136. Donald Trump was designated as Trump University's Chairman, a position he still holds today.

137. As described above, Donald Trump's photographs, signature, and quotes were prominently displayed on all of Trump University's newspaper advertisements and direct mail solicitations, the latter of which was typically styled as a letter from Donald Trump, with a logo at the top that just read "TRUMP" and "From the Office of Donald J. Trump" rather than "Trump University." Examples of statements directly from Donald Trump contained in advertisements and solicitations bearing Donald Trump's signature include:

- "I can turn anyone into a successful real estate investor, including you."
- "Are you the next DONALD TRUMP? Come Prove it to me!"
- "I want to give you the benefit of my experience – to show you what to do and *not do* in this fast-changing market."
- "Come to my **free** class. In just 90 minutes, my hand-picked instructors will share my techniques, which took my entire career to develop. Then, just copy exactly what I've done and get rich."
- "That's why I'm sharing my proprietary 'Blueprint For Real Estate Success' . . . knowledge that can **empower you to be the one who wins in this downturn.**"
- "My hand-picked instructors and mentors will show you how to use real estate strategies. . . With our simple instructions and practices exercises—and ongoing support from your own Trump Team of Experts—you'll have what you need to succeed!"

138. Donald Trump personally reviewed and approved each Trump University advertisement.

139. Donald Trump also personally participated in meetings to discuss Trump University's marketing materials.

140. Donald Trump also personally appeared in an introductory video that was shown to students at Trump University's free seminars.

141. Donald Trump is the putative co-author of several of the books provided to Trump University students — including *Trump 101* and *Wealth Building 101* — both of which

prominently profess Trump's desire to be an educator and his involvement with Trump University. And in the forward to Trump University Commercial Real Estate Investing 101, Donald Trump wrote that he "made sure that the curriculum is built on a rock-solid foundation of proven methods for building your business."

142. As noted above, Donald Trump was aware as early as 2005 that Trump University was operating without a license and that its use of the word "University" in its name violated New York Education Law. Indeed, the 2005 letter from NYSED regarding these violations was personally addressed to Donald Trump.

143. The sole signatories of the bank accounts of Trump University are Donald Trump himself, his three adult children, and Allen Weisselberg, Trump Organization's chief financial officer. None of these signatories were ever employees of Trump University LLC.

144. Indeed, when capital distributions were made to Donald Trump, first recompensing him for his initial capital contribution and then paying him up to $5 million in profits, the checks were written to "Donald J. Trump" personally, rather than to the legal entities through which Donald Trump purportedly holds his stake, DJT University Member LLC and DJT University Managing Member LLC. Donald Trump was also the signatory on these checks. In fact, Trump University never made any payments to DJT University Member LLC and DJT University Managing Member LLC. After their initial creation in 2004, those corporate entities — which were the actual members of Trump University LLC and thus the rightful recipients of any capital distributions from it — were almost completely disregarded.

Michael Sexton

145. Respondent Michael Sexton actively participated in and had actual knowledge of many of the fraudulent and illegal acts of Trump University.

146. Sexton was President of Trump University from its inception in 2004 until late in 2010. He was one of the four members of Trump University LLC, with a 4.5% equity interest. He was involved in the creation of Trump University, including bringing the idea to Donald Trump in 2004 and meeting with him and Trump Organization employees to discuss its formation and the terms of the Trump University LLC agreement.

147. As President, he oversaw all of its operations, including, but not limited to, its finances, curriculum development, the scheduling and execution of its seminars and mentorship programs, and its reporting to employees of The Trump Organization and Donald Trump.

148. Moreover, as early as 2005, Sexton was aware that Trump University lacked proper licensing and was illegally referring to itself as a University, but despite promises to Joseph Frey at NYSED, Sexton ultimately took no action to rectify these persistent violations of New York law for nearly five years — and never rectified Trump University's evasion of New York licensure and regulatory laws.

The Trump Organization

149. Trump Organization also directed and controlled the acts and practices of Trump University and had knowledge of its fraudulent and illegal conduct.

150. Indeed, the Trump University LLC corporate form was regularly ignored. There were never any meetings of the members, no votes ever taken, and no minutes of meetings ever prepared.

151. Major corporate decisions were routinely made for Trump University LLC by individuals at Trump Organization who were not officers, directors, or employees of the company or of its members, such as the decisions to change Trump University's business model in 2005, or to wind down its operations in 2010 due to poor revenue performance.

152. Requests from Trump University management for additional capital were made directly to Jeff McConney, the Controller of the Trump Organization.

153. The Trump Organization controlled Trump University's bank accounts and expenditures. In order for Trump University LLC vendors to be paid, Trump University checks had to be sent from Trump University LLC at 40 Wall Street to Trump Organization Chief Financial Officer Allen Weisselberg at the Trump Tower on Fifth Avenue, for his review and signature.

154. Furthermore, for more than a year after the bank accounts were opened, Trump University Controller Steven Matejek could not even see the balances in the accounts until monthly statements arrived. This practice was only changed after Matejek made repeated requests that he be authorized to receive online access to the account information.

155. The Trump Organization also prohibited Trump University from having any corporate credit cards for routine expenses. Instead, Trump Organization employees instructed Trump University to put all such charges on a personal credit card, sometimes resulting in hundreds of thousands of dollars in charges in a single month. Payment of Trump University employees' credit card bills then had to be sent to Trump Organization for review and approval.

156. Further, Trump University provided at least monthly financial reports to Trump Organization containing numbers as well as narrative descriptions of whether financial metric targets for Trump University LLC were being met and, if not, the reasons why. Moreover, Trump University was required to make such regular financial reports to The Trump Organization, including quarterly and annual reports, and was reprimanded when such reports were tardy.

157. When Trump University began experiencing financial difficulties in late 2009 and into 2010, The Trump Organization allowed Trump University to remain in its office space at 40 Wall Street without paying any rent.

158. The Trump Organization also directly administered many of the other business functions of Trump University, often in minute detail, including its insurance policies, 401k retirement accounts, Internet domain names, e-mail addresses and systems, information technology "help desk" support for individual Trump University employees, and purchasing and maintaining individual licenses and contracts for Blackberry devices for Trump University employees.

159. In fact, Trump University's instructors and speakers routinely told audiences that they and their colleagues were appearing "on behalf of the Trump [O]rganization," or that they were "hand selected by the Trump Organization," and that students would be taught by, work with, and receive "support from the Trump [O]rganization."

160. The in-house lawyers at The Trump Organization also made decisions for Trump University when legal and regulatory issues arose such as the decision to cease operations in Texas after the Texas Attorney General commenced an investigation into Trump University.

161. Likewise, it was The Trump Organization that finally decided in 2010 to stop using the word "University" in its name.

FIRST CAUSE OF ACTION
VIOLATIONS OF EXECUTIVE LAW § 63(12)
FRAUD

162. Executive Law § 63(12) authorizes the Attorney General to bring a special proceeding when any person or entity engages in repeated fraudulent acts in the operation of a business.

163. Fraud under Executive Law § 63(12) is broadly defined to include "any device, scheme or artifice to defraud and any deception, misrepresentation, concealment, suppression, false pretense, false promise or unconscionable contractual provisions."

164. By reason of the conduct alleged above, respondents have engaged in repeated and persistent fraudulent conduct in violation of Executive Law § 63(12).

SECOND CAUSE OF ACTION
VIOLATIONS OF EXECUTIVE LAW § 63(12)
VIOLATIONS OF GBL § 349

165. Executive Law § 63(12) authorizes the Attorney General to bring a special proceeding to enjoin repeated illegal acts or persistent illegality in the carrying on, conducting, or transaction of business.

166. GBL § 349 prohibits deceptive acts and practices in the conduct of any business, trade, or commerce in the state of New York.

167. Respondents' acts and practices, described above, are deceptive in violation of GBL § 349.

168. By their actions in violation of GBL § 349, respondents have engaged in repeated and persistent illegal conduct in violation of Executive Law § 63(12).

THIRD CAUSE OF ACTION
VIOLATIONS OF EXECUTIVE LAW § 63(12)
VIOLATIONS OF GBL § 350

169. Executive Law § 63(12) authorizes the Attorney General to bring a special proceeding to enjoin repeated illegal acts or persistent illegality in the carrying on, conducting, or transaction of business.

170. GBL § 350 prohibits false advertising in the conduct of any business, trade, or commerce in the state of New York.

171. Respondents' acts and practices, described above, are in violation of GBL § 350.

172. By their actions in violation of GBL § 350, respondents have engaged in repeated and persistent illegal conduct in violation of Executive Law § 63(12).

FOURTH CAUSE OF ACTION
VIOLATIONS OF EXECUTIVE LAW § 63(12)
VIOLATIONS OF EDUCATION LAW § 224

173. Executive Law § 63(12) authorizes the Attorney General to bring a special proceeding to enjoin repeated illegal acts or persistent illegality in the carrying on, conducting, or transaction of business.

174. Education Law § 224 prohibits conferral of a degree, or the use, advertisement, or transaction of business under the name "university" without possessing a special charter from the legislature or the regents of the State of New York.

175. Respondents' repeated and persistent use of the name "university" without possessing a special charter from the legislature or the regents of the State of New York violates Education Law § 224.

176. By their actions in violation of Education Law § 224, respondents have engaged in repeated and persistent illegal conduct in violation of Executive Law § 63(12).

FIFTH CAUSE OF ACTION
VIOLATIONS OF EXECUTIVE LAW § 63(12)
VIOLATIONS OF EDUCATION LAW ARTICLE 101, §§ 5001-5010, AND PART 126 OF TITLE 8 OF THE NEW YORK CODES, RULES, AND REGULATIONS

177. Executive Law § 63(12) authorizes the Attorney General to bring a special proceeding to enjoin repeated illegal acts or persistent illegality in the carrying on, conducting, or transaction of business.

178. Article 101 of the Education Law provides:

> No private school which charges tuition or fees related to instruction . . . shall be operated by any person or persons, firm, corporation, or private organization for the purpose of teaching or giving instruction in any subject or subjects, unless it is licensed by the department.

N.Y. Educ. Law §5001(1).

179. Private schools licensed in accordance with Education Law § 5001(1) must comply with the requirements of Article 101 and regulations promulgated thereunder at Part 126 of Title 8 of the New York Codes, Rules, and Regulations, including:

- Prohibitions against false, misleading, deceptive, or fraudulent advertising consistent with Article 22-A of the General Business Law, N.Y. Educ. Law § 5002(7);

- A requirement that any individual paid to solicit or enroll any students unless the individual is a "salaried employee of the school" and has "secured a private school agent's certificate" from NYSED, N.Y. Educ. Law § 5004(1)(a), with additional regulations of the timing of commission paid to such private school agents, *see id.* at § 5004(1)(c);

- Full refunds for students withdrawing within the first week of instruction, with partial refunds required up through the first four weeks of instruction, N.Y. Educ. Law § 5002(3)(b)(1), and all refunds paid within 45 days, *id.* at 5002(3)(g);

- Individual licensure of each teacher by NYSED, requiring, *inter alia*, at least a high-school diploma and at least two years' practical experience in the subject matter taught, N.Y. Educ. Law § 5002(6); 8 NYCRR § 126.6(f);

- A director individually licensed by NYSED, with at least five years' experience in the subject matter taught, teaching the subject matter, or in administration or supervision, N.Y. Educ. Law § 5002(6); 8 NYCRR § 126.6(d); and

- Funding of a "tuition reimbursement account" from which student refunds may be paid by NYSED if the school fails to honor a refund request, *see id.* at § 5007, including full refunds for all students when a school has closed or ceased operation, *id.* at § 5007(5)(b).

180. As set forth above, respondents have repeatedly and persistently violated Education Law Article 101, §§ 5001-5010, and regulations promulgated thereunder, by operating

an unlicensed private school and failing to comply with the legal requirements imposed on licensed private schools.

181. By their actions in violation of Education Law Article 101, §§ 5001-5010, and regulations promulgated thereunder, respondents have engaged in repeated and persistent illegal conduct in violation of Executive Law § 63(12).

SIXTH CAUSE OF ACTION
VIOLATIONS OF EXECUTIVE LAW § 63(12)
VIOLATIONS OF 16 C.F.R. § 429

182. Executive Law § 63(12) authorizes the Attorney General to bring a special proceeding to enjoin repeated illegal acts or persistent illegality in the carrying on, conducting, or transaction of business.

183. Section 429 of Title 16 of the Code of Federal Regulations provides that it is an unfair or deceptive act or practice for a seller to fail to furnish the buyer with a contract that discloses the right to cancel the transaction within three business days and fails to inform the buyer orally of the buyer's right to cancel for sales at a place other than the seller's place of business, including those made at hotels and other temporary locations. *See* 16 C.F.R. § 429.0(a), 429.1.

184. Section 429 also provides that sellers must honor any notice of cancellation made within three business days and refund all payments made within ten business days of receipt of such notice. *See* 16 C.F.R. § 429.1(g).

185. As set forth above, respondents have repeatedly and persistently violated 16 C.F.R. § 429 by failing to honor notices of cancellation made within three business days and to refund all payments made within ten business days of receipt of such notice.

186. By their actions in violation of 16 C.F.R. § 429, respondents have engaged in repeated and persistent illegal conduct in violation of Executive Law § 63(12).

PRAYER FOR RELIEF

WHEREFORE, petitioner requests an order and judgment pursuant to Executive Law § 63(12) and GBL §§ 349, 350, and 350-d, Education Law §§ 224 and 5001-5010, and 16 C.F.R. § 429:

1. Permanently enjoining respondents from violating Executive Law § 63(12), GBL §§ 349 and 350, Education Law §§ 224 and 5001-5010, and 16 C.F.R. § 429, and from engaging in the fraudulent, deceptive, and illegal acts and practices alleged in the Verified Petition;

2. Directing respondents to render an accounting to the Office of the Attorney General of the name and address of each former customer of respondents, and the amount of money received from each such former customer;

3. Directing respondents to make full monetary restitution and pay damages to all injured persons or entities;

4. Directing respondents to produce an accounting of profits and to disgorge all profits resulting from the fraudulent and illegal practices alleged herein;

5. Directing respondents to pay a civil penalty to the State of New York of up to $5,000.00 for each violation of GBL Article 22-A, pursuant to GBL § 350-d;

6. Awarding petitioner additional costs of $2,000.00 against each respondent pursuant to CPLR § 8303(a)(6); and

7. Granting such other and further relief as the Court deems just and proper.

Dated: New York, New York
August 24, 2013

Respectfully submitted,

ERIC T. SCHNEIDERMAN
Attorney General of the State of New York
Attorney for Petitioner

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VERIFICATION

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

TRISTAN C. SNELL, being duly sworn, deposes and says:

I am an Assistant Attorney General in the office of Eric T. Schneiderman, Attorney General of the State of New York, and am duly authorized to make this verification.

I have read the foregoing petition and know the contents thereof, which is to my knowledge true, except as to matters stated to be alleged on information and belief, and as to those matters, I believe them to be true. The grounds of my belief as to all matters stated upon information and belief are investigative materials contained in the files of the Attorney General's office.

The reason this verification is not made by petitioner is that petitioner is a body politic, and the Attorney General is its duly authorized representative.

TRISTAN C. SNELL
Assistant Attorney General

Jane M. Azia

Sworn to before me this
24th day of August, 2013

JANE M. AZIA
Notary Public State of New York
No. 02AZ4667904
Qualified in Westchester County
Commission Expires May 31, 2014