

THUG, MOB, ROGUE: TRUMP ORGANIZATION'S OWN DESCRIPTION OF ITS PANAMA HOTEL

While Trump and his son-in-law (and a number of his cabinet members) have clearly been profiting personally from Trump's presidency (see my NYT op-ed on Jared's woes), thus far their pursuit of self-interest hasn't caused any international incidents (moving the US embassy to Jerusalem has come closest).

The scuffle between the Trump organization and the majority owner of the Panama City Trump hotel might just change that.

The problems go back away (I'll lay out some of the timeline below). But the short version is that the majority owner of the property, Orestes Fintiklis, got the other owners to vote to fire the Trump Organization in October, claiming the diminished brand and (importantly) a bad sales strategy is part of why the property is at less than 30% occupancy. The Trump Organization (screaming RICO) tried to force the matter into arbitration in December. And Fintiklis has now sued in SDNY to prevent that.

Things started getting crazy a week ago Thursday, when Fintiklis tried to fire the Trump employees, then cut off power, and then got the Panamanian government to side with him and arrest a Trump employed security guard. Significantly, the two sides are fighting over the control room and Fintiklis alleges that Trump employees are shredding documents.

Two people familiar with Fintiklis's account said that, after his arrival, hotel employees barricaded office doors with furniture, and they added that documents were shredded. The two people said Trump Organization employees – including an executive who flew down

from New York City – also blocked access to a control room that houses servers and surveillance-camera monitors.

This room, the two people said, is shared by the hotel operation and the managers of the residential side of the building, which is no longer operated by the Trump Organization.

I find that interesting given the Reuters report, from last November, describing how Ivanka put a Brazilian money launderer with ties to Russian organized crime, Alexandre Ventura Nogueira, in charge of many of the advanced sales in the project.

A Reuters investigation into the financing of the Trump Ocean Club, in conjunction with the American broadcaster NBC News, found Nogueira was responsible for between one-third and one-half of advance sales for the project. It also found he did business with a Colombian who was later convicted of money laundering and is now in detention in the United States; a Russian investor in the Trump project who was jailed in Israel in the 1990s for kidnap and threats to kill; and a Ukrainian investor who was arrested for alleged people-smuggling while working with Nogueira and later convicted by a Kiev court.

Three years after getting involved in the Trump Ocean Club, Nogueira was arrested by Panamanian authorities on charges of fraud and forgery, unrelated to the Trump project. Released on \$1.4 million bail, he later fled the country.

He left behind a trail of people who claim he cheated them, including over apartments in the Trump project, resulting in at least four criminal cases that eight years later have still

to be judged.

[snip]

When first approached by Reuters, Nogueira declined to answer questions. Writing on October 4, he said in an email: "Anything I would say could also damage a lot of important and powerful people. I am not sure I should do that."

Later, Nogueira agreed to meet. In a lengthy interview, he described his contacts with the Trump family and his role in the Ocean Club project. He said he only learned after the Ocean Club project was almost complete that some of his partners and investors in the Trump project were criminals, including some with what he described as connections to the "Russian mafia." He said he had not knowingly laundered any illicit money through the Trump project, although he did say he had laundered cash later in other schemes for corrupt Panamanian officials.

The role Nogueira played is similar to the one Sergey Millian played for a Trump property in LA, which basically amounts to artificially inflating the sales so as to be able to get the loans for the underlying property.

Two Democrats on the House Foreign Affairs Committee, Ranking Member Eliot Engel and Norma Torres, have decided to take this opportunity to ask the Trump Organization if it knew the Panama facility was being used as a money laundering vehicle.

With the possibility that Fintiklis will gain control of the facility before any records of money laundering get shredded, I want to look at the timeline the Trump Organization lays out in their statement on the fracas.

Just before the 2016 election, Fintiklis, who is Cypriot though has a residence in Florida,

bought into a majority share in the hotel from the original owners. The Trump Organization could have blocked that sale but, no, they could not, because otherwise the hotel would go under.

In October 2016, the original developer of the Hotel, Newland International Properties Corp., notified Trump Hotels that it was actively negotiating a bulk sale of its remaining 202 units to a company controlled by Mr. Fintiklis. Because the Co-Ownership Regulations for the Hotel preclude any one person from owning more than ten units without Trump Hotels' consent, Trump Hotels could have blocked the sale as a matter of right. Concerned, however, about the future of the Hotel and the fate of the Hotel's highly dedicated and loyal staff, Trump Hotels agreed to allow the sale to proceed on one condition: that Mr. Fintiklis agree that he would not in any way attempt to interfere with Trump's management of the Hotel or take any other steps to terminate its management agreement.

So weeks after Trump became President, Fintiklis agreed to the terms of the sale and eventually finalized the purchase in August.

In February 2017, Mr. Fintiklis agreed, in writing, to these terms and, in August 2017, closed on the purchase of the units, becoming the owner of 202 of the 369 hotel units.

At that time, last August, Fintiklis spoke in rosy terms of the deal, including the hotel operator (that is, Trump).

We are excited to welcome such an iconic property to our investment portfolio and we look forward towards working with the local team, the hotel operator and the Panama community, to establish the

Property as the premier hotel in the country and the entire region.

The Trump Organization accuses Fintiklis of orchestrating a conspiracy to remove Trump Hotels from the property.

Unfortunately, within weeks of the closing, it became apparent to Trump Hotels that Mr. Fintiklis had other motives. Rather than abide by the clear terms of the agreement he had signed, Mr. Fintiklis had been conspiring with others to remove Trump Hotels as manager and fire most, if not all, of its loyal and dedicated employees. Looking back, it is now apparent that Mr. Fintiklis, in flagrant violation of the commitments he had made, never had any intention of keeping his word and had been plotting a takeover and termination of Trump Hotels all along.

On October 14, 2017, Mr. Fintiklis furthered his fraudulent scheme, calling a meeting of the hotel condominium under the false pretense of a “meet and greet” and used that moment to hold unlawful votes and declare Trump Hotels in default of the management agreement. Within minutes of the meeting concluding Mr. Fintiklis sent Trump Hotels a default notice and filed for arbitration to terminate the management agreement. Clearly, Mr. Fintiklis had been concocting and planning this scheme for months.

The Trump folks, too, emphasize that part of this fight is over the facility’s computer system.

Together, Mr. Fintiklis and Mr. Lundgren, over the past several days, have resorted to thug-like, mob style tactics, repeatedly attempting to force

their way into Trump Hotels' offices, infiltrate and disrupt its computer systems and threatening and intimidating any employee of the Hotel that resisted.

Now, the Trump Organization made less than a million dollars off management fees for this facility in the last year or so.

In his most recent personal financial disclosure, Trump said his company had received \$810,000 in management fees over the preceding 15 ½ months.

They are not getting rich off this facility, certainly not rich enough to sustain the legal fight already brewing over retaining the contract.

These people are all douchebags and the brawling side show is fairly amusing. But it does seem that Fintiklis bought into something far more than a mostly empty hotel, and he's now using it as leverage against the Trump family business.

The fight over the Trump Panama hotel seems to be as much about the fight over records that may show whether Ivanka knew she was involved in money laundering with Russian mobsters and Colombia narcotics traffickers as it is over who gets to run the mostly empty hotel.

Which is a reminder that it's not just Robert Mueller who has Trump by the nuts.