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United States Senate

COMMITTEE ON FINANCE
WASHINGTON, DC 20510-6200

May 24, 2022

Victor Wahba
Chairman and Chief Executive Officer
Mazars USA LLP
135 West 50th Street
New York, New York 10020

Dear Mr. Wahba:

I write regarding financial and tax documents prepared or audited by Mazars USA LLP (“Mazars”) for Donald J. Trump and the Trump Organization. Recent disclosures made in New York state court proceedings have cast doubt on the reliability of information that was provided to federal and state tax authorities, as well as lenders and insurers.

As you are aware, on February 9, 2022 Mazars sent a letter to Alan Garten, Esq. terminating its relationship with the Trump Organization due to a “non-waivable conflict of interest.”¹ That letter also advised that the Statements of Financial Condition for Donald J. Trump prepared by Mazars for the years ending June 30, 2011 - June 30, 2020, should “no longer be relied upon and [The Trump Organization] should inform any recipients thereof who are currently relying upon one or more of those documents that those documents should not be relied upon.”² It appears Mazars reached this conclusion after conducting an internal investigation and reviewing information received from other internal and external sources, including filings made by the New York Attorney General (NYAG).³ According to filings by the NYAG, Mr. Trump’s statements of financial condition were compiled by Mazars from 2004 – 2020.⁴

¹ Letter from William J. Kelly, Mazars USA LLP, to Alan Garten, Executive Vice President and Chief Legal Officer, The Trump Organization (Feb. 9, 2022), New York v. The Trump Organization, No. 451685/2020 (N.Y. Sup. Ct. Feb. 14, 2022), NYSCEF No. 646 (online at [\)](https://iapps.courts.state.ny.us/nyscef/ViewDocument?docIndex=KBtrXdSMDOM/z_PLUS_toDnNAjw==)

² *Id.*

³ *Id.*

⁴ Supplemental Verified Petition, New York v. The Trump Organization, No. 451685/2020 (N.Y. Sup. Ct. Jan. 18, 2022), NYSCEF No. 358 (online at <https://ag.ny.gov/sites/default/files/supplemental-verified-petition-2022-01-18.pdf>).

It is highly uncommon for a global accounting firm to directly cast doubt on the validity of its own work for a major client, not least a multi-billion dollar enterprise owned largely by an individual who went on to become the President of the United States. As Mazars and its predecessors were the sole accountants of record for Donald J. Trump and the Trump Organization for over a decade, these revelations raise questions as to whether financial statements and tax returns it prepared contain material discrepancies, omissions or errors, including information submitted to the Internal Revenue Service (IRS). These questions are all the more concerning in light of allegations that Mr. Trump previously submitted misleading documents to the IRS, as well as past violations of tax laws and ongoing tax fraud investigations involving Mr. Trump and the Trump Organization.⁵

The documents identified in the February 9, 2022 letter are only the latest documents prepared by Mazars for Donald J. Trump to contribute to legal issues facing Donald J. Trump or the Trump Organization.⁶ Public reports indicate that Mazars partner Donald Bender regularly prepared and signed annual tax returns for the Donald J. Trump Foundation.⁷ Mazars also audited the foundation's financial statements in 2016 and 2017.⁸

Additionally, recent news that Mr. Trump stated in sworn testimony that he directly oversaw the compensation of Trump Organization executives—a compensation scheme that now sits at the center of a broader tax fraud investigation—further heightens these concerns. In particular, Mr. Trump testified that he had exclusive authority over the compensation of Matthew Calamari Sr., Trump Organization Chief Operating Officer. Mazars' February letter terminating its relationship with the Trump Organization also identified outstanding tax issues related to “the Matt Calamari Jr. apartment” and noted that the Trump Organization has failed to provide

⁵ *New York AG asks judge to force Cushman & Wakefield to comply with subpoenas in Trump civil case*, ABC News, Apr. 8, 2022; <https://abcnews.go.com/Politics/york-ag-asks-judge-force-cushman-wakefield-comply/story?id=83972066>; Supplemental Verified Petition, *New York v. The Trump Organization*, No. 451685/2020 (N.Y. Sup. Ct. Jan. 18, 2022), NYSCEF No. 358 (online at <https://ag.ny.gov/sites/default/files/supplemental-verified-petition-2022-01-18.pdf>); Office of the New York Attorney General, Dec. 10, 2019; <https://ag.ny.gov/press-release/2019/donald-j-trump-pays-court-ordered-2-million-illegally-using-trump-foundation>; *The four times Trump signed tax returns for his foundation that contained incorrect information*, The Washington Post, Jun. 22, 2018; https://www.washingtonpost.com/politics/the-four-times-trump-signed-tax-returns-for-his-foundation-that-contained-incorrect-information/2018/06/22/a8f95f9e-7569-11e8-b4b7-308400242c2e_story.html; *Trump Organization Is Charged With Running 15-Year Employee Tax Scheme*, The New York Times, Jul. 1, 2021; (<https://www.nytimes.com/2021/07/01/nyregion/allen-weisselberg-charged-trump-organization.html>).

⁶ The Donald J. Trump foundation was dissolved and ordered to pay \$2 million for violating tax laws and illegally misusing charitable funds. In various referrals to the Internal Revenue Service, then NYAG Barbara Underwood laid out evidence demonstrating a rampant pattern of self-dealing by the Trump Foundation, including the use of hundreds of thousands of dollars intended for charity to settle Mr. Trump's personal legal matters and make prohibited political campaign contributions. In 2007, 2012, 2013 and 2014, Mr. Trump personally signed the foundation's tax returns, in which he stated under penalties of perjury that the foundation “did not engage in transactions with interested parties, and that the foundation did not carry out political activity.”

⁷ *Meet the Shadowy Accountants Who Do Trump's Taxes and Help Him Seem Richer Than He Is*, ProPublica and WNYC, May 6, 2020; (<https://www.propublica.org/article/meet-the-shadowy-accountants-who-do-trumps-taxes-and-help-him-seem-richer-than-he-is>).

⁸ *Id.*

Mazars information related to the apartment for several of months, despite Mazars' continued requests.⁹

The February 9, 2022 letter sent by Mazars to the Trump Organization raises serious concerns as to whether this pattern of financial misconduct may also include efforts to deliberately mislead financial institutions. The Trump Organization and its affiliates—including Donald J. Trump, Donald Trump Jr. and Ivanka Trump—submitted the statements of financial condition prepared by Mazars to financial institutions, other lenders and insurers. These financial statements were used to seek or obtain credit and insurance, and to comply with covenants on existing loans that required periodic submission of financial statements. Mr. Trump personally guaranteed certain financial obligations to these counterparties and certified that his financial statements “presented his condition fairly in all material respects.”¹⁰

These statements were crucial to the Trump Organization obtaining loans worth hundreds of millions of dollars. In court proceedings, a loan officer for a financial institution which provided credit to the Trump Organization testified that “if he had been aware of material misstatements in the statement of financial condition, he would not have brought the deal to his financial institution’s commercial lending committee.”¹¹ In light of Mazars’ recent letter, it appears the Trump Organization may have submitted inaccurate or misleading statements of financial condition information in order to obtain loans. As you are aware, the fraudulent inducement of a loan or other contract is a federal felony offense.¹²

As certified tax practitioners, Mazars’ employees are bound by several duties relating to the identification of incorrect information or omissions related to tax returns prepared for its clients. Treasury Department regulations require those who practice before the IRS to notify their clients when it learns that the client has “not complied with the revenue laws of the United States or has made an error in or omission from any return, document, affidavit, or other paper which the client submitted or executed under the revenue laws of the United States.”¹³ These regulations also require practitioners to take steps to ensure that return information being provided to the IRS is accurate and complete. The failure to do this can have important consequences for the client, including the reopening of a closed audit “if there is evidence of fraud, malfeasance, collusion, concealment, or misrepresentation of material fact.”¹⁴

⁹ Trump Admits He Oversaw Pay for Executive Who Got Fishy Perks, The Daily Beast, Apr. 7, 2022; (<https://www.thedailybeast.com/donald-trump-admits-he-oversaw-pay-for-executive-matthew-calamari-who-got-fishy-perks?ref=author>)

¹⁰ Supplemental Verified Petition, *New York v. The Trump Organization*, No. 451685/2020 (N.Y. Sup. Ct. Jan. 18, 2022), NYSCEF No. 358 (online at <https://ag.ny.gov/sites/default/files/supplemental-verified-petition-2022-01-18.pdf>).

¹¹ *Id.*

¹² 18 U.S.C. § 1014.

¹³ Treasury Department Circular 230 (Rev. 6-2014) Regulations Governing Practice before the Internal Revenue Service, Title 31 Code of Federal Regulations, Subtitle A, Part 10 (2014) (online at <https://www.irs.gov/pub/irs-pdf/pcir230.pdf>).

¹⁴ Internal Revenue Service, Rev. Proc. 2005-32, 2005 (available online at <https://www.irs.gov/pub/irs-drop/rp-05-32.pdf>).

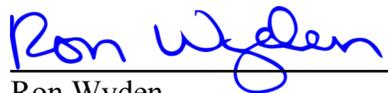
I am deeply concerned by the admissions made in the February 9, 2022 letter sent by Mazars to the Trump Organization. It is unclear whether issues with the statements of financial condition are the result of errors or omissions by Mazars personnel or inaccurate or misleading information provided by the Trump Organization and its affiliates. There is also no information available as to *why* these documents should no longer be relied upon. In order to better understand how Mazars is handling the discovery of any material discrepancies, omissions or significant errors regarding financial statements or tax returns it prepared for the Trump Organization and its affiliates, including Donald J. Trump, Donald Trump Jr. and Ivanka Trump, please provide answers to the following questions no later than June 7, 2022:

1. Does Mazars stand by the accuracy of federal tax returns it prepared for the Trump Organization and its affiliates that were submitted to the IRS between 2011 and 2020? If not, why not? If so, how did Mazars conclude these returns were accurate despite Mazars' statements that other financial reports prepared for the company could not be relied on?
2. Does Mazars believe that any federal tax returns it prepared for the Trump Organization and its affiliates that were submitted to the IRS between 2011 and 2020 may contain material discrepancies, omissions or errors? If so, has Mazars advised the Trump Organization or any of its affiliates to file amended returns with the IRS?
3. Has Mazars conducted an internal investigation to review whether tax returns between 2011 – 2020 prepared for the Trump Organization and its affiliates contain discrepancies, omissions or errors?
4. Has Mazars notified the Trump Organization or any of its affiliates of any omissions or errors related to tax returns it prepared for the years 2011 – 2020?
5. Has Mazars alerted any of the Trump Organization's counterparties, including financial institutions, other lenders, and insurers that the Statements of Financial Condition for the years ending June 30, 2011 - June 30, 2020 are no longer to be relied upon? If so, has Mazars also explained why those statements of financial condition are no longer to be relied upon? Please provide any correspondence with the relevant entities.
6. Please describe the "non-waivable conflict of interest" Mazars has with the Trump Organization referenced in the February 9, 2022 letter addressed to Alan Garten, Esq.
7. Why did Mazars decide to conduct an internal investigation into the reliability of the Trump Organization's Statements of Financial Condition for the years ending June 30, 2011 - June 30, 2020? Please provide a detailed description of the findings of that investigation, including any reports or summaries produced.

8. Does Mazars believe the information it received from the Trump Organization and its affiliates during the preparation of the Statements of Financial Condition for the years ending June 30, 2011 – June 30, 2020 was “true and correct in all material respects”? If not, does Mazars believe the Trump Organization or any of its affiliates provided false or inaccurate information to Mazars employees during the preparation of these documents?
9. Does Mazars believe that all appraisals for assets, including property, submitted to the IRS during tax years 2011 – 2020 by the Trump Organization and its affiliates, including Donald J. Trump, Donald Trump Jr. and Ivanka Trump, were correctly assessed?
10. During the preparation of tax returns for the Donald J. Trump foundation, did any Mazars employees identify any potential activity that would qualify as illegal self-dealing or prohibited political activity? If so, were any individuals that signed the Foundation’s tax returns, including Donald J. Trump, warned of the risks of signing a false tax return by certifying, under penalty of perjury, that the foundation did not engage in transactions with interested parties or carry out political activity?

Thank you for your attention to this important matter.

Sincerely,



Ron Wyden
United States Senator
Chairman, Committee on
Finance