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Pop Goes the Weisselberg

By Mike Tully

The most intriguing language in [the indictment](#) against the Trump Organization and its Chief Financial Officer Allen Weisselberg is near the bottom of page nine: “Weisselberg occasionally submitted requests that the Trump Corporation pay for personal expenses for his homes and for an apartment maintained by one of his children.” *To Whom did he submit the requests?*

Chief Financial Officers don’t submit requests downhill. Would anybody in management submit a request to somebody they outranked? Requests for benefits of that sort go to the boss. Weisselberg would have submitted the requests to somebody who outranked him. That somebody had to approve his unlawful requests.

The indictment covers fifteen years, before, during and after the Trump presidency. Just before Trump assumed office, he resigned his position with the Trump organization and [appointed Donald, Jr. and Eric to run it, along with Weisselberg](#). The *Official Board* website [displays an organizational chart](#) that shows Trump and the two sons outrank Weisselberg. It’s likely that Weisselberg’s requests were submitted to Donald Trump before he became President, and to one or both of the sons afterward. Trump and at least one of his sons were almost certainly aware of and approved them. If so, they engaged in a fraudulent scheme.

Timothy L. O'Brien, [writing for Bloomberg](#), noted Trump and Weisselberg “routinely worked jointly to prepare summaries they shared with banks that were trying to assess Trump’s financial wherewithal.” It was clear the two worked closely. Trump [admitted many of the allegations](#) in the indictment in a recent speech. He feigned ignorance of taxable fringe benefits and asked rhetorically, “Does anybody know the answer to that stuff?” (Spoiler alert: the D.A. does.)

Trump denounced the charges as “politically motivated,” but the rot was institutional and Weisselberg wasn’t the only beneficiary. “The purpose of the scheme was to compensate Weisselberg and other Trump Organization executives in a manner that was ‘off the books,’” states the indictment. “(T)he beneficiaries of the scheme received substantial portions of their income through indirect and disguised means, with compensation that was unreported or misreported.”

The indictment doesn’t identify other executives who participated in the scheme. Presumably they know who they are and are not sleeping well. Weisselberg even collected refunds he was not entitled to. He and the other unnamed executives stiffed the United States, as well as the State and City of New York.

The fraudulent activity directly benefitted the Trump Organization. “(T)he scheme involved the failure of the Trump Corporation and Trump Payroll Corp. to withhold income taxes on wages, salaries, bonuses and other forms of compensation paid to certain employees,” states the indictment. “The

scheme also allowed the Trump Organization to evade the payment of payroll taxes that the Trump Organization was required to pay in connection with employee compensation.”

The issue of who granted Weisselberg’s requests is not the only untied loose end. After noting requests for “such items as new beds, flat-screen televisions, the installation of carpeting, and furniture for Weisselberg’s home in Florida,” the indictment notes “the Trump Corporation issued checks to pay the expenses.” *Who signed the checks?* The company “tracked the payment of the expenses internally as part of Weisselberg’s annual compensation. However, the payments made for these ad hoc purchases were not included as compensation on Weisselberg’s W-2 forms or otherwise reported to federal, state, or local tax authorities.”

The former President ran a company that kept two sets of books: a secret one, and the one they showed the government. Trump swore to uphold and defend the Constitution while simultaneously defrauding his country.

The case is about more than fringe benefits. The indictment charges the defendants with unlawfully mischaracterizing salary as self-employment income.

“(T)he defendants misreported portions of the employee compensation paid to certain Trump Organization executives, including but not limited to Weisselberg,” states the indictment. The Organization paid certain executives a salary and discretionary annual bonus. “The salary and, in most instances, a portion of the executives’ end-of-year bonuses were paid to the executives by Trump Payroll Corp. and reported,” states the indictment. “However, for Weisselberg and other executives, a substantial portion of their end-of-year bonuses was paid in the form of checks drawn on other Trump Organization entities.”

How were those payments characterized? “The end-of-year bonus checks drawn on entities other than Trump Payroll Corp. were routinely reported to tax authorities as non-employee compensation and set forth on United States Internal Revenue Service 1099 Forms.” The deception was deliberate. “By reporting portions of employees’ bonus payments as non-employee compensation, the defendants made it possible for those employees to report the payments as self-employment income.”

Mischaracterization of wages as independent contractor payments allowed the Organization to dodge employment taxes and report the payments as a routine business expense. Self-employed individuals enjoy an array of deductions that are not available to wage-earners, such as home office deductions. There are also benefits. Weisselberg took out a Keogh plan, a tax-deferred pension that is legally available only to self-employed individuals.

Allen Weisselberg is innocent until proven guilty and is entitled to his day in court. But if the case against him is as strong as the indictment suggests, he’s looking at spending most of his remaining life in prison. Whether he does may depend on his loyalty to a man who would sacrifice him without an afterthought. What happens when Weisselberg realizes his only chance of remaining free is to spill the beans on a psychopath?

Pop goes the Weisselberg. Down goes The Donald.