

Trump Organization and CFO plead not guilty to tax fraud scheme

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The Trump Organization's Chief Financial Officer Allen Weisselberg (seated at center) was arraigned a day after a grand jury returned an indictment charging him and the company with tax crimes [File: Steven Hirsch/New York Post via AP]

New York, July 1 (RHC)-- The Trump Organization and its longtime chief financial officer pleaded not guilty to fraud and theft charges in the first criminal case to emerge from a years-long investigation of former President Donald Trump and his business dealings.

Chief Financial Officer Allen Weisselberg and lawyers for the company appeared in a lower Manhattan courtroom Thursday afternoon for arraignment on 15 felony counts by Manhattan District Attorney Cyrus Vance. Charges read out in the courtroom against both defendants include tax fraud, scheme to defraud, conspiracy and falsifying business records. Weisselberg, 73, was individually charged with a number of counts, including grand larceny, which carries a maximum sentence of 15 years.

During the arraignment before New York state court judge Juan Merchan, Assistant District Attorney Carey Dunne said the indictment involved a “sweeping and audacious” 15-year scheme to avoid taxes on perks like cars, apartments and private-school tuition extended to CFO.

Such benefits are usually counted as compensation and an intentional failure to pay taxes on them would be illegal. Dunne said the Weisselberg personally received \$1.76 million in such benefits.

“The scheme was intended to allow certain employees to substantially understate their compensation from the Trump Organization so that they could and did pay federal, state and local taxes in amounts that were significantly less than the amounts that should have been paid,” the prosecutor said.

The CFO, who was led into the courtroom in handcuffs, was released on his own recognizance at the end of the hearing, after surrendering his passport.

Trump isn't named in the charges, but the case may only be the opening salvo by the district attorney, who has been probing possible bank and insurance fraud at the company as well. The charges against Weisselberg significantly ratchet up the pressure on the CFO to cooperate with prosecutors.

Cooperation from Weisselberg could lead to a more expansive case against the company and raise the prospect of a historic and politically charged prosecution of a former president. With a trial unlikely before next year, the CFO will have months to decide whether to fight the charges or plead guilty and possibly strike a deal with prosecutors. A Trump executive for four decades, Weisselberg has unique insight into the former president's finances and business deals.

Trump has slammed the probe by Vance, a Democrat, as a politically motivated witch hunt. The Trump Organization on Thursday issued a statement calling Weisselberg's indictment “a scorched earth attempt to harm the former president” and saying Vance was “bringing a criminal prosecution involving employee benefits that neither the IRS nor any other district attorney would ever think of bringing.”

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