

NATION

DONALD TRUMP

Lawsuit filed, claims fraud by tycoon's 'university'

By Carla Marinucci
CHRONICLE POLITICAL WRITER

Before Donald Trump sold the idea of a possible 2012 presidential bid, the bombastic real estate mogul peddled the American dream at a place called Trump University. He promised consumers the golden opportunity to be "my next apprentice" and learn "insider" secrets of real estate.

But a lawsuit filed in U.S. District Court in San Diego claims that the possible GOP presidential candidate's courses instead delivered expensive "infomercials" disguised as educational classes that preyed on vulnerable Americans in "troubled economic times."

George Sorial, assistant general counsel for the Trump Organization, told The Chronicle this week that the allegations contained in the suit are "completely ridiculous," adding that Trump University stands "100 percent behind any course we offered."

Sorial dismissed the lawsuit as an effort by two former students and their attorneys "looking to make a quick buck" from the celebrity businessman.

"There wouldn't even be a lawsuit if the Trump name weren't attached to it," he said.

But Tarla Makaeff, 37, a former fashion designer and marketer from Corona del Mar (Orange County), told The Chronicle in an interview this week that Trump's "university" was hardly worthy of the name.

'It's got to be legit'

Makaeff said that she was lured by ads starring Trump and boasting that "76 percent of the world's millionaires made their fortune in real estate. Now it's your turn."

"I bought into it because of the Trump name," Makaeff said. "I thought, 'It's got to be legit.'"

Instead, she said she was pressured to raise her credit card limits to drop \$35,000 on a "Trump gold elite" course promising "hand-picked" mentors and "comprehensive" real estate education. She charged in the lawsuit that she was instructed in techniques such as putting up "bandit" telephone pole signs advertising cheap homes for sale — signs that are illegal in Orange County.

The lawsuit that includes Makaeff and Brandon Keller, 35, an unemployed San Diego man, was filed in April 2010 and was amended in December to name Trump himself.

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Tarla Makaeff, plaintiff in lawsuit alleging consumer fraud against Trump University

The suit alleges consumer fraud.

Attorneys for Trump, who this week said he has decided "in my mind" to run for president, have asked that the suit be dismissed, saying it has "no merit." A ruling is expected in the coming weeks.

Sorial said Trump University's consumer surveys showed "98 percent of the students who took the courses were satisfied."

But with Trump teasing a presidential bid, consumer advocates say the lawsuit could put his business and legal dealings under the microscope.

'It's The Donald'

"This isn't just some schemer on late-night TV; it's The Donald," said Doug Heller, who heads the nonprofit Consumer Watchdog in Santa Monica. "What is so unique about Trump is how completely interwoven everything he does with his own money-making schemes. You almost don't know if it's a TV show or a marketing gig or a presidential run."

Trump University, which was not accredited and offered no degrees or college credits, changed its name in June 2010 to the Trump Entrepreneur Initiative. Trump remains chairman of the New York-based organization.

Sorial said 11,000 students in Canada and the United States have taken paid courses from Trump University, but he added that Trump is "not responsible for running the day-to-day affairs" of the organization.

Still, when he founded it in June 2005, Trump assured readers of his official blog that he would be directly involved in Trump University: "I'm not just putting my name on this venture. ... I plan to be an ac-



The former website for Trump University, now known as the Trump Entrepreneur Initiative. It does not confer college credits or degrees and is not an accredited college or university.



Courtesy of Tarla Makaeff

Tarla Makaeff says she was told at a seminar that anyone can be a real estate mogul.

tive presence in the curricula."

Makaeff said she had a slumping Southern California business and a \$5,000-a-month mortgage when she signed up for a \$1,500 real estate course that promised to provide the "Trump power team" to help her "learn from the master."

She said she was initially wowed by the seminar where

huge pictures of Trump — and strains of the song "Money" — greeted attendees who were told that being a real estate mogul was "so easy ... that anyone can do it."

At the end of the seminar, she said she yielded to "high-pressure" pitches to spend \$35,000 for the Trump gold elite course. Makaeff said she completed the course with nothing but a hefty credit card bill.

'Hopefulness and naivete'

Sorial said the lawsuit represents a few people "who took the course out of thousands" and argued that even at top-notch institutions such as Harvard, "you're going to find a small number of people who went there and said they got a lousy education."

He added that Makaeff gave the seminars high marks in her evaluation forms — and said she was interviewed in a video in which she praised Trump University mentors for helping her learn the business.

Makaeff's attorney, Amber Eck, said that her client's rosy evaluations reflected the hopes of an optimistic student who didn't want to admit — or didn't yet see — she might be getting scammed.

"At (that) point, they still think they're going to get what is promised," she said. "They don't realize until later — that never occurs."

Heller of Consumer Watchdog said the lawsuit suggests Trump's marketing of real estate education may reflect "a problem that needs attention" by watchdog groups or authorities.

He said many "get-rich-quick conferences" depend "on a certain hopefulness and naivete that gets people in the door."

The message, he said, is: "Forget the one-year training and certificate. Just come for the weekend and open up your wallet."

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