



## Trump Organization Entities Client Acceptance Procedures Memo

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### **Purpose:**

To document all procedures that Whitley Penn completed during the client acceptance process for all the attestation engagements included as part of the Trump Organization which includes the following entities:

1. Donald J. Trump – compilation for the Statement of Financial Condition
2. 40 Wall Street LLC – audit and compilation
3. Trump Tower Commercial LLC – audit and compilation
4. TIHT Commercial LLC – audit
5. Trump Plaza LLC – audit
6. Trump Endeavor 12 LLC – compilation
7. Trump Old Post Office LLC – audit and compilation
8. 401 North Wabash Venture LLC – compilation

### **Procedures:**

#### ***Introduction and Initial Meetings***

We were referred the tax and audit work for various Trump Organization entities by the Trump Organization tax attorney who had a connection with our tax partner Jon Karp. As a result of this referral Mr. Karp and Elizabeth Pettijohn, Tax partner and real estate specialist flew to NY to meet with Eric Trump, Jeff McConney and previous CFO Weizelman, who was terminated shortly after this meeting (July 2021). Mr. Karp also met with the management committee to discuss the opportunity and determine to proceed with our diligence. The Trump organization provided full tax returns for all applicable entities and audited financial statements performed by current accountant Mazaars. After further review of tax returns and financial statements by audit partners Felix Lozano, Firm Audit Director, Randy Gregg, Dallas Audit Market Leader, Jeff Lawlis, Dallas Audit partner and Camron Harris, Audit partner it was determined to meet with Mazaars and the Trump executives separately.

On August 16, 2021, Jon Karp, Tax partner, Felix Lozano, Randy Gregg and Jeff Lawlis met with Mazaars partners William Kelly, General Counsel and Ron Lagnado, Audit partner to discuss reasons for changing accountants and they indicated they are changing due to an independence concern with Mazaars being in a potential advocacy role for the Trump organization with the indictment of terminated CFO Weizelman who is accused of not claiming all of his compensation in tax filings. Mazaars maybe called to testify on behalf of Trump against Weizelman which would not make them independent. In addition, the primary Mazaars relationship partner was retiring and the organization indicated it was time for a change. They were aware of no integrity issues or wrong doing by the Trump Organization. They had a productive business relationship over their term.

On August 17, 2021, Camron Harris, Randy Gregg, Jeff Lawlis held a call with Mark Hawthorn and Jeff McConney. During this call we went through all the prior year audit and compilation reports and asked various questions about the operations of each of the entities. We also discussed the client acceptance inquiries outlined above. Management provided and answered all questions adequately and was forthright in providing all necessary information.

On August 19, 2021, Camron Harris, Randy Gregg, Jeff Lawlis held a call with Bill Kelly, Mazars internal counsel, and Ron Lagnado, Mazars partner that was responsible for Trump Endeavor and Trump Old Post Office. During this call we went through the prior year reports and asked various questions about the operations of each of the entities. We also discussed the client acceptance inquiries outlined above. Mazars provided and answered all questions adequately and was forthright in providing all necessary information.

On August 23, 2021, Camron Harris, Randy Gregg, Jeff Lawlis held a call with Mark Hawthorn and Julie Brand, Director of Finance for 401 North Wabash. During this call we went through the prior year report and asked various questions about the operations of the entity. We also discussed the client acceptance inquiries outlined above. Management provided and answered all questions adequately and was forthright in providing all necessary information.

On August 24, 2021, the Whitley Penn full equity group of partners met to discussing accepting the Trump organization based on the diligence performed and determined to accept them as a client after debate, subject to final diligence procedures planned in the next week or so and successful background checks of key management.

On August 30, 2021, Camron Harris, Randy Gregg, Jeff Lawlis held a call with Bill Kelly, Mazars internal counsel, and Jennifer Safran, Mazars partner that was responsible for the following engagements: 40 Wall Street, Trump Tower Commercial, TIHT Commercial, Trump Plaza and 401 North Wabash. During this call we went through the prior year reports and asked various questions about the operations of each of the entities. We also discussed the client acceptance inquiries outlined above. Mazars provided and answered all questions adequately and was forthright in providing all necessary information.

On September 1, 2021, Camron Harris, Randy Gregg, and Jeff Lawlis held a call with Jeff McConney. During this call we discussed and ask questions regarding the DJT SOFC and reviewed the prior year report. We also discussed the client acceptance inquiries outlined above. Jeff provided and answered all questions adequately and was forthright in providing all necessary information.

On September 1, 2021, Camron Harris, Randy Gregg, and Jeff Lawlis held a call with Mark Hawthorn and Michael Levchuck, Area Director of Finance who is responsible for the Trump International Hotel & Tower NY Condominium and Trump Old Post Office. During this call we discussed and ask questions regarding these entities operations and reviewed the prior year report. We also discussed the client acceptance inquiries outlined above. Jeff provided and answered all questions adequately and was forthright in providing all necessary information.

### ***Background Checks***

Whitley Penn conducted backgrounds checks for Mark Hawthorn, CFO, and Jeff McConney, Senior Vice President. Mark Hawthorn is responsible for overseeing the engagements for Trump Endeavor 12 LLC and Trump Old Post Office LLC. Jeff McConney is responsible for overseeing the engagements for Donald J.

Trump, 40 Wall Street, Trump Tower, TIHT Commercial, Trump Plaza and 401 North Wabash. The results of these background checks resulted in no findings.

The properties that we are completing services for are held in a revocable trust. The trustees of the trust, Eric Trump and Donald Trump Jr., will be the signers on the engagement letters and representation letters as they are charged with governance and will be reviewing the reports. Background checks on these individuals were not completed as they are mainly responsible for a high-level review and are not effecting the accounting system or financial statements and are not involved in the day-to-day operations. Also, these individuals are high profile in the broader community and their reputation is well known. We have reviewed public information on these individuals with no integrity issues noted.

### *Independence Check*

On August 25, 2021, Whitley Penn sent a firm-wide email inquiring with all employees if there were any independence concerns or conflicts with the prospective client. There were no independence concerns identified during this process.

### *Client Acceptance Inquiries*

These inquiries were discussed with management of the Company and the predecessor auditors during the various meetings outlined below with the various applicable parties. These questions were derived from our Knowledge Coach Client Acceptance Form which will be included within each of the engagement binders.

1. Why is management changing accountants and is this an often practice by management?
  - a. Management is changing accountants due to an independence concern with Mazars, the predecessor auditor, due to the predecessor firm being included within litigation which may put them in a advocacy role for Trump against the former CFO who was indicted.
  - b. The Company has used Mazars for over 30 years thus it not a common practice to switch accountants.
2. What was Mazars understanding for the reason the Company is considering changing accountants?
  - a. Mazars understood this is a due to an independence concern since the firm was named in litigation suit that was brought on to the Company.
3. Consider the predecessor accountants reputation, independence and general competence.
  - a. Mazars is a large national CPA firm that is good standing with all governing bodies. Their engagements teams were comprised of CPAs and individuals with the necessary experience and knowledge to conduct these services.
4. Inquired with Mazars that the client's management does not lack integrity.
  - a. During our meetings as outlined below all parties at Mazars were forthright in providing all information and appropriately answered all inquiries and questions that we asked. They had no disagreement with the client and this separation was mutual. They had been paid for all services provided and had no concerns regarding the ethical behavior of any of the individuals charged in governance for the services they completed.
5. Conduct reviews of the predecessor workpapers.

- a. We were provided the 2020 workpapers for the DJT SOFC in their entirety which we reviewed to obtain an understanding of the process and procedures completed. During this review we noted the workpapers, documentation and procedures completed appeared adequate.
- b. During our review of the prior year workpapers for the DJT SOFC we noted in Mazars engagement continuance form that this engagement was considered a higher than normal risk engagement. They marked “yes” for “Factors Present” on the following items: Complex engagement, Regulatory and other considerations, Business reputation, quality and integrity of management, Fraud concerns and Litigation. They documented this engagement was classified as higher than normal risk due to the circumstances surrounding the Trump Organization attributable to Donald J. Trump being elected as President of the United States in November 2016. As a result of identifying this workpaper Camron Harris, Randy Gregg and James Bradbury, WP internal counsel, conducted a call with William Kelley of Mazars and Tom Manisero and Ken Beach, who are both independence counsel for Donald Bender, engagement partner for the DJT SOFC, to further inquire about the responses identified in this workpaper. As a result of the ongoing litigation that Mr. Bender is involved in we were not allowed to directly communicate with him. They were unable to provide any further information regarding these responses. WP held a meeting on October 29, 2021 that included Camron Harris, Randy Gregg, Felix Lozano, Director of Audit, Matthew Reiter, Quality Control Partner, and Jim Bradbury. During this meeting we discussed this instance and concluded that this client still meets our client acceptance requirements and have documented within this memo the steps completed to arrive at this conclusion.
- c. WP will conduct predecessor workpaper reviews for all entities and are currently in process of completing this step for all of the entities except the DJT SOFC which has already been completed.

### ***Non- Attest Services***

Whitley Penn has been engaged to complete various tax services and financial statement preparation. Management has assigned parties with the necessary skills, knowledge and expertise to supervise all of these services and we will not make any decisions on behalf of management. Any threat raised because of these non-attest services have been properly mitigated to an acceptable level.

### **Conclusion:**

Based on the above procedures completed during the client acceptance process Whitley Penn concludes that any risk related to this client is at an acceptable level to accept this client and complete the services for which we have been engaged to perform. Also as part of our acceptance process, we have determined these engagements above are considered high-risk engagements pursuant to our Firm QC consultation requirements we will involve a quality control review on each engagement.