

Politics

Federal prosecutors in N.Y. requested Kushner Cos. records on Deutsche Bank loan

By **Michael Kranish** December 27 at 12:25 PM

Federal prosecutors have requested records related to a \$285 million loan that Deutsche Bank gave Jared Kushner's family real estate company one month before Election Day, the company confirmed this week.

The records were sought by prosecutors in Brooklyn and do not appear related to special counsel Robert S. Mueller III's investigation into Russia's interference in the 2016 election.

A Kushner Cos. spokeswoman said that the firm is cooperating in the review of what it called a "routine" transaction.

The Washington Post reported details of the loan in June. Under the deal, Kushner Cos., which in 2015 had purchased four mostly empty retail floors of the former New York Times headquarters in Manhattan, entered into an October 2016 refinancing agreement with Deutsche Bank. The loan was part of a refinancing deal that gave Kushner's firm \$74 million more than it had paid for the property.

The loan was secured while Kushner was the head of the company and was playing a leading role in running the presidential campaign of his father-in-law, Donald Trump.

The refinancing was personally guaranteed under certain circumstances by Kushner and his brother, Joshua. The loan was not listed on Kushner's financial disclosure report, because he did not have "a present obligation to repay the loan," his attorneys have said.

Christine Taylor, a Kushner Cos. spokeswoman, said in a statement that the request from the U.S. attorney's office in the Eastern District of New York appears to have been made in response to news coverage.

"Kushner Companies, in its long history, has participated in hundreds of loan transactions with an outstanding track record of success," Taylor said. "We have always taken pride in the principled way we conduct our business and our trusted relationships

with all our lending partners, including Deutsche Bank. We do not understand why anyone would look at this fairly routine transaction other than as a reaction to what appears to be politically motivated media coverage. Nonetheless, we have cooperated with inquiries.”

Taylor did not specify the news stories to which she referred.

An attorney for Kushner and a spokesman for Deutsche Bank declined to comment.

The Wall Street Journal first reported that prosecutors requested contracts and other information about the loan by issuing a document request in mid-November. Separately, the New York Times reported that the U.S. attorney in Brooklyn had subpoenaed Deutsche Bank records associated with Kushner Cos.

Kushner Cos. said it had no knowledge of a subpoena delivered to Deutsche Bank.

A spokesman for the U.S. attorney’s office in Brooklyn said he could neither confirm nor deny any subpoena or records request.

The Justice Department has been probing Deutsche Bank and at least one former top employee in an unrelated case. It settled charges against the institution in a massive mortgage fraud case, and the Brooklyn U.S. attorney’s office issued a news release in September about civil charges brought against the bank’s former head of subprime trading.

The bank has been repeatedly fined in recent years by a variety of enforcement agencies. In addition to the \$7.2 billion U.S. penalty it agreed to pay in the December 2016 mortgage-abuse settlement, it was hit with a \$425 million New York state fine in January 2017 related to a money-laundering case.

It is not clear what prosecutors are seeking to find out about the Kushner Cos. loan. Deutsche Bank is one of the biggest lenders to Kushner Cos. and the Trump Organization, which had about \$364 million in debt to the bank as of last year.

Kushner Cos. previously has confirmed that federal prosecutors in the Eastern District of New York subpoenaed records related to its use of a visa program called EB-5, in which foreign investors who put \$500,000 in a real estate project can be put on a track for U.S. citizenship.

Kushner has not been accused of wrongdoing in any of the cases.

The investigation by the U.S. attorney in Brooklyn is separate from the work of Mueller’s team, which is scrutinizing contacts between Russia and the Trump campaign. The Post has reported that Mueller’s investigation has included an examination of Kushner’s business dealings.

Among the interactions that Mueller’s investigators have sought to learn more about was a December 2016 meeting that Kushner held with Sergey Gorkov, the head of a state-owned Russian development bank.

The White House has said the meeting was a typical diplomatic session, while a bank official has said it was related to Kushner's business.

Much of the focus on Kushner's real estate company has been on its 2007 purchase of the 666 Fifth Avenue office building in Manhattan for \$1.8 billion, which at the time was the most ever paid for such a building in the United States.

The value of the property plummeted amid the Great Recession, and the company has been searching for financing to redevelop it. Kushner Cos. faces a \$1.2 billion debt that comes due in early 2019, and it is not clear whether it can maintain ownership of the property, which it co-owns with another company.

By contrast, Kushner's purchase of the former New York Times headquarters was quickly profitable. His company bought the retail portion of the building in 2015 for \$296 million from a company called Africa-Israel Investments, whose chairman is Lev Leviev, one of the world's wealthiest men.

Leviev told the New York Times shortly after buying the property that he was a "true friend" of Russian President Vladimir Putin and that he kept a photo of Putin in his office. A Leviev spokesman told The Post earlier this year that Leviev does not have a "personal relationship" with Putin and has met him only a few times.

Kushner's company increased retail leasing in the space from 25 percent to nearly 100 percent and obtained higher rents. A year after its purchase, the property was reappraised for \$470 million, a 59 percent increase.


That enabled Kushner Cos. to refinance the property for \$370 million, including \$285 million from Deutsche Bank, giving the company \$74 million more than it had paid.

While Kushner gave up control of his company and divested some properties when he became President Trump's senior White House adviser, he retained an interest in 90 percent of his real estate properties, including the former New York Times building, according to his financial disclosure report.

Separately, Kushner and his mother have a personal line of credit with Deutsche Bank worth up to \$25 million, according to his financial disclosure report.

Devlin Barrett, Tom Hamburger, Carol D. Leonnig and Matt Zapotosky contributed to this report.

 **575 Comments**

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