

By LARRY LIGHT MONEYWATCH November 22, 2016, 3:47 PM

Donald Trump can get a tax break for his Trump U settlement

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Donald Trump can deduct almost all of the **\$25 million settlement with former students** of his defunct Trump University, settling class-action fraud lawsuits against the president-elect over the controversial real estate course.

The reason he can write off the money is that it is “an expense in the ordinary course of doing business,” said Robert Willens, a New York-based tax consultant. Of the settlement payout, \$24 million is earmarked for Trump University students, and another \$1 million is a fine. It’s doubtful he could take the fine off his taxes, Willens said.



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Trump University agrees to \$25M settlement

the proceeds to the ex-students, with those who shelled out the most presumably getting more.

Trump University, which operated from 2004 to 2010, was meant to give attendees the secrets of Trump’s real estate investing success. But these students complained it was a useless waste of

New York Attorney General Eric Schneiderman announced the **\$25 million total settlement** on Friday. As Trump hustles to put together his new administration, he agreed to settle three civil actions seeking repayment for up to 7,000 students -- two lawsuits in California and Schneiderman’s in New York.

Many of the students will get back at least half their money, lawyers in the settlement said. Some students paid as much as \$35,000 to take the Trump-branded instruction. An administrator, selected by New York’s attorney general, will allocate

money. The developer responded that many former students thought it was valuable, and launched a website featuring their testimonials.

In fraud case settlements that involve a government body, sometimes there is an agreement that a portion will not be deductible. That happened with a \$13 billion settlement involving JPMorgan Chase (**JPM**) over its sale of rickety mortgage-backed securities, said San Francisco tax attorney Robert W. Wood. Only \$2 billion of that was not deductible, he said. “People can get outraged over cases that are especially bad” where the plaintiff gets a tax break, Wood noted.

A request for comment from Trump’s transition team went unanswered. Trump has pledged not to use his charitable organization, the Trump Foundation, to pay for the Trump University settlement, as it has for at least two other legal actions.

That means he will pay to settle from his own pocket or that of his privately owned business, the Trump Organization. The money also could come from a liability insurance policy, although it’s unknown whether he has one in place. If so, then he could not claim the \$24 million as a deduction. Lawyers consulted on the subject, though, doubted that he would carry a policy for that much.

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