

POLITICS

Donald Trump Agrees to Pay \$25 Million in Trump University Settlement

By STEVE EDER NOV. 18, 2016

Donald J. Trump has reversed course and agreed on Friday to pay \$25 million to settle a series of lawsuits stemming from his defunct for-profit education venture, Trump University, finally putting to rest fraud allegations by former students, which have dogged him for years and hampered his presidential campaign.

The settlement was announced by the New York attorney general just 10 days before one of the cases, a federal class-action lawsuit in San Diego, was set to be heard by a jury. The deal averts a potentially embarrassing and highly unusual predicament: a president-elect on trial, and possibly even taking the stand in his own defense, while scrambling to build his incoming administration.

It was a remarkable concession from a real estate mogul who derides legal settlements and has mocked fellow businessmen who agree to them.

But the allegations in the case were highly unpleasant for Mr. Trump: Students paid up to \$35,000 in tuition for a programs that, according to the testimony of former Trump University employees, used high-pressure sales tactics and employed unqualified instructors.

The agreement wraps together the outstanding Trump University litigation,

including two federal class-action cases in San Diego, and a separate lawsuit by Eric T. Schneiderman, the New York attorney general. The complaints alleged that students were cheated out of thousands of dollars in tuition through deceptive claims about what they would learn and high-pressure sales tactics.

“I am pleased that under the terms of this settlement, every victim will receive restitution and that Donald Trump will pay up to \$1 million in penalties to the State of New York for violating state education laws,” Mr. Schneiderman said in a statement. “The victims of Trump University have waited years for today’s result, and I am pleased that their patience — and persistence — will be rewarded by this \$25 million settlement.”

The settlement is a significant reversal from Mr. Trump, who had steadfastly rejected the allegations and vowed to fight the lawsuits, asserting that students filled out evaluations showing they were mostly happy with what they had learned in seminars. When political opponents pressed him on the claims during the campaign, Mr. Trump doubled down, saying he would eventually reopen Trump University.

“It’s something I could have settled many times,” Mr. Trump said during a debate in February. “I could settle it right now for very little money, but I don’t want to do it out of principle.”

He added, “The people that took the course all signed — most — many — many signed report cards saying it was fantastic, it was wonderful, it was beautiful.”

But the position of Mr. Trump and his legal team appeared to soften soon after his election victory on Nov. 8. At a hearing last week, Daniel Petrocelli, a lawyer for Mr. Trump, expressed interest in moving toward a settlement. Meanwhile, Mr. Trump’s lawyers were seeking to delay the trial in one of the California cases until after his inauguration on Jan. 20, while also requesting that he be allowed to testify on video.

At a hearing on the case in San Diego on Friday, Mr. Petrocelli said Mr. Trump had settled the case “without an acknowledgment of fault or liability.”

The judge overseeing the two California cases, Gonzalo Curiel, was thrust into

the limelight of the campaign in May when Mr. Trump spent several minutes at a rally denouncing the judge's decisions in the case, calling him a "hater" and questioning his impartiality because of his Mexican heritage.

After he faced days of criticism for his remarks on the judge, Mr. Trump released a statement saying his words had been "misconstrued as a categorical attack against people of Mexican heritage." He also asserted that he was justified in questioning the fairness of his trial, given various rulings in the case that went against him. Still, he concluded, "we will win this case!"

Judge Curiel said in court Friday that he hoped that the settlement agreement — and the end of the presidential campaign — would begin "a healing process that this country very sorely needs."

Under the agreement, Mr. Trump will pay \$21 million to settle the two California class-action suits and \$4 million to settle with the New York attorney general. The lawyers for the plaintiffs waived their attorneys' fees. The deal still has to be approved in court, which could take months.

About 7,000 students will share in the settlement, according to their lawyers. The customers will be eligible to recoup at least half of what they spent at Trump University, and some could receive a full refund, the lawyers said.

Even before he was in the throes of his presidential bid, Mr. Trump began mounting a vigorous public defense of himself and Trump University. A website, 98percentapproval.com, touted high marks it received from students. A New York Times report in March, though, showed how some students recalled being pressured to give positive reviews.

Trump University, which operated from 2004 to 2010, included free introductory seminars across the country, focusing largely on real estate investing and learning Mr. Trump's secrets. Students could then purchase more expensive packages costing up to \$35,000.

Documents made public through the litigation revealed that some former Trump University managers had given testimony about its unscrupulous and

exploitative business practices. One sales executive testified that the operation was “a facade, a total lie.” Another manager called it a “fraudulent scheme.”

Other records showed how Mr. Trump had overstated the depth of his involvement in the programs. Despite claims that Mr. Trump had handpicked instructors, he acknowledged in testimony that he had not.

In addition to the financial rewards, the conclusion of the Trump University cases brings vindication to former students, mostly ordinary people across the country who felt they had been robbed of their savings by Mr. Trump, a successful businessman they respected and admired.

One student, Jeffrey Tufenkian, who enrolled with his wife to pursue a real estate career, told *The New York Times* in 2011 that the experience “was almost completely worthless.”

“Trump University has no interest in taking care of its customers,” said Mr. Tufenkian, who paid \$35,000 for a “Gold Elite” class, which he said at the time wiped out much of his savings.

Alan Garten, a lawyer for Mr. Trump, said Friday that his side was “pleased” with the settlement.

“While we have no doubt that Trump University would have prevailed at trial based on the merits of this case, resolution of these matters allows President-elect Trump to devote his full attention to the important issues facing our great nation,” he said in a statement.

Ciaran McEvoy contributed reporting.

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