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TRUMP UNIVERSITY: IT'S WORSE THAN YOU THINK

By John Cassidy June 2, 2016

If anyone still has any doubt about the troubling nature of Donald Trump's record, he or she should be obliged to read the affidavit of Ronald Schnackenberg, a former salesman for Trump University.

Following the release, earlier this week, of testimony filed in a federal lawsuit against Trump University, the United States is facing a high-stakes social-science experiment. Will one of the world's leading democracies elect as its President a businessman who founded and operated a for-profit learning annex that some of its own employees regarded as a giant ripoff, and that the highest legal officer in New York State has described as a classic bait-and-switch scheme?

If anyone still has any doubt about the troubling nature of Donald Trump's record, he or she should be obliged to read the affidavit of Ronald Schnackenberg, a former salesman for Trump University. Schnackenberg's testimony was one of the documents unsealed by a judge in the class-action suit, which was brought in California by some of Trump University's disgruntled former attendees.

Schnackenberg, who worked in Trump's office at 40 Wall Street, testified that "while Trump University claimed it wanted to help consumers make money in real estate, in fact Trump University was only interested in selling every person the most expensive seminars they possibly could." The affidavit concludes, "Based upon my personal experience and employment, I believe that Trump University was a fraudulent scheme, and that it preyed upon the elderly and uneducated to separate them from their money."

In one sense, the latest revelations don't break much new ground. Back in 2013, when the office of Eric Schneiderman, New York's Attorney General, filed a civil lawsuit against Trump and some of his associates, the complaint, which is also worth reading in full, made perfectly clear what sort of organization it was targeting. Despite Trump University's claim that it offered "graduate programs, post graduate programs, doctorate programs," it wasn't a university at all. It was a company that purported to be selling Trump's secret insights into how to make money in real estate. From the time Trump University began operating, in 2005, the A.G.'s office repeatedly warned the company that it was breaking the law by calling itself a university. (In New York State, universities have to obtain a state charter.)

That was the bait—or, rather, the initial bait. According to the Attorney General's complaint, the free classes were merely a marketing device. There, Trump University's instructors "engaged in a methodical, Systematic Series of misrepresentations" designed to convince students to sign up for a three-day seminar, where they would learn Trump's personal techniques and strategies for investing, at a cost of about fifteen hundred dollars.

When it began, Trump University offered online classes, but it quickly switched its focus to live classes and seminars, the first of which was free to attend. One of the company's ads said of Trump, "He's the most celebrated entrepreneur on earth. . . . And now he's ready to share—with Americans like you—the Trump process for investing in today's once-in-a-lifetime real estate market." The ad said that Trump had "hand-picked" Trump University's instructors, and it ended with a quote from him: "I can turn anyone into a successful real estate investor, including you."

In fact, Trump hadn't handpicked the instructors, and he didn't attend the three-day seminars. Moreover, the complaint said, "no specific Donald Trump techniques or strategies were taught during the seminars, Donald Trump 'never' reviewed any of Trump University's curricula or programming materials, nor did he review any of the content for the free seminars or the three day seminars." So what were the attendees taught? According to the complaint, "the contents and material presented by Trump University were developed in large part by a third-party company that creates and develops materials for an array of motivational speakers and Seminar and timeshare rental companies." The closest that the attendees at the seminars got to Trump was when they were encouraged to have their picture taken with a life-size photo of him.

The alleged scam didn't stop there. Trump University instructors told people who attended the three-day seminars that this wasn't enough time to learn how to succeed, and encouraged them to purchase additional "mentorship" programs, which cost up to thirty-five thousand dollars. The complaint explained,

This bait and switch was laid out in the Trump University Playbook ("Playbook"), which provided step-to-step directions to Trump University instructors on what to tell students during the seminars. . . . Trump University instructors and staff were given detailed guidance as to how to build rapport and approach consumers one-on-one to encourage further purchases. Trump University representatives were explicitly instructed to push the highest priced Elite programs. Even when students hesitated to purchase the expensive programs, Trump representatives were provided stock responses to encourage purchases, including encouraging students to go into debt to pay for the Elite programs.

The newly released documents, which included actual Trump University playbooks (one was also uncovered by Politico earlier this year), provide more detail about the sales tactics that its employees used. Some of these methods, such as encouraging customers to max out their credit cards and playing psychological tricks on them, are familiar from the world of time-shares and other dodgy industries. "If they can afford the gold elite don't allow them to think about doing anything besides the gold elite," one of the playbooks advised the sales staff. At another point, the manual said, "Don't ask people what they THINK about something you've said. Instead, always ask them how they FEEL about it. People buy emotionally and justify it logically."

One of Schnackenberg's contributions, in his testimony, was to illustrate how these tactics worked with individuals. Recounting his experience with one couple, which included a man who was on disability, he said, "After the hard-sell sales presentation, they were considering purchasing the \$35,000 Elite program. I did not feel it was an appropriate program for them because of their precarious financial condition." Far from being commended by his bosses for his honesty, Schnackenberg said that he was reprimanded. Another salesperson then "talked them into buying the \$35,000 program after I refused to sell this program to them," he testified. "I was disgusted by this conduct and decided to resign."

Trump denies any wrongdoing. Citing surveys that he claims show that Trump University got high approval ratings from its customers, he has set up a Web site at 98percentapproval.com, which features testimonials from Trump University attendees and attacks on the Attorney General. Trump's lawyers also told the *Times* that other testimony in the California case had discredited the charges made by former employees. Hope Hicks, Trump's campaign spokesperson, said that he was looking forward to his day in court.

So far, though, Trump has failed in his efforts to have the lawsuits in California and New York thrown out. And, whatever happens to the legal cases, the allegations will dog him all the way to November. On Wednesday, Hillary Clinton offered a preview of what is to come, calling Trump a "fraud" who is "trying to scam America the way he scammed all those people at Trump University."

The Clinton campaign is clearly hoping that Trump University will be to Trump as Bain Capital was to Mitt Romney—a way to portray him as just another selfish rich guy who is out to profit at the expense of ordinary folk. Commenting on Twitter, Clinton's press secretary, Brian Fallon, wrote, "Trump U is devastating because it's metaphor for his whole campaign: promising hardworking Americans way to get ahead, but all based on lies."

So will Trump University be the thing that brings Trump down? In a post for *The New Republic*, Brian Beutler argued that it will be "devastating" to him. On my Twitter feed, some people reacted more skeptically, pointing out that many of Trump's supporters

appear oblivious to any criticisms of him, and that Clinton isn't necessarily the ideal prosecutor. It is also worth recalling that, in Italy, Silvio Berlusconi, another populist businessman, served as Prime Minister four times despite a list of allegations against him that included bribery, tax evasion, sexual misconduct, and having ties to the mafia.

One thing is clear, though. If the revelations about Trump University *don't* do any damage to Trump, it's time to worry—or worry even more—about American democracy.

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