

ARTICLE JUN 14, 2017

Trump's Conflicts of Interest in Azerbaijan

Numerous experts agree that Trump may have violated the Foreign Corrupt Practices Act in his dealings with an Azeri official linked to the Iranian Revolutionary Guard.

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The Trump International Hotel and Tower is seen in Baku, Azerbaijan, February 19, 2016. (AP/Aida Sultanova)

Trump's troubled tower in Baku

In 2012, the Trump Organization signed multiple contracts with a company headed by Anar Mammadov, the billionaire playboy son of Azerbaijan's transportation minister, to develop a Trump-branded, high-end residence and hotel in Baku, the capital of Azerbaijan. (The development group with whom the Trump Organization signed contracts has been variously reported as Baku XXI Century and Garant Holding, both of which are run by Anar Mammadov.) The Trump Organization, however, did not publicly announce the project until November 2014. An article in *Foreign Policy* claims that the Mammadovs are a criminal family—who some in the press have dubbed “the Corleones of the Caspian”—and notes that Anar Mammadov's wealth was clearly the product of “a number of sweetheart contracts signed with his father's Transport Ministry.” Mammadov also heads a group that reportedly spent \$12.8 million from 2011 to 2015 lobbying Congress and the U.S. State Department in an effort to shed his country's reputation as both repressive and corrupt.

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FIGURE 1



Source: Center for American Progress, 'Interactive: Trump's Conflicts of Interest' (2017)

The deal for the hotel tower was a [licensing and management agreement](#) in which Trump would provide the use of his name for the tower in exchange for royalties, and the Trump Organization would manage the property in exchange for management fees. However, the deal appears to potentially violate the [Foreign Corrupt Practices Act](#) (FCPA), which makes it illegal for American companies either to bribe foreign officials or to benefit, even unknowingly, from a partner's corruption if it was possible for them to have detected any illicit activity.

According to a *New Yorker* article, there was ample evidence of the Mammadovs' corruption and criminal links that should have set off immediate alarm bells within the Trump Organization and for Ivanka Trump, who was spearheading the project. The Mammadov family's reputation for corruption was well known, as were their financial entanglements with an Iranian family tied to the Iranian Revolutionary Guard, and yet the Trump Organization obviously turned a blind eye and happily signed and retained contracts with the family. In response to the suggestion that there may have been FCPA violations in relation to the Baku project, the Trump Organization's chief legal officer, Alan Garten, has argued that even if there was corruption, the Trump Organization did not violate the FCPA because the organization “did not pay any money to anyone.” The Mammadov family did not respond to the *New Yorker's* requests for comment.

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As Jessica Tillipman, a specialist in the Foreign Corrupt Practices Act and an assistant dean at The George Washington University Law School, argued, “The entire Baku deal is a giant red flag—the direct involvement of foreign government officials and their relatives in Azerbaijan with ties to the Iranian Revolutionary Guard. Corruption warning signs are rarely more obvious.”

Perhaps more than coincidentally, around the time the Baku deal was finalized in 2012, Trump himself spoke out against the FCPA, arguing that U.S. businesses should be allowed to bribe foreign officials with impunity. “Every other country goes into these places and they do what they have to do. It's a horrible law and it should be changed,” complained Trump. In Trump's view, if companies cannot give bribes, “you'll do business nowhere.” As president, one of Trump's first appointments was to name Walter “Jay” Clayton to head the U.S. Securities and Exchange Commission, presumably knowing that Clayton has long been hostile to enforcing the Foreign Corrupt Practices Act.

Follow the paper trail

According to Trump's July 2015 financial disclosure—which was not verified by regulators and therefore may not include all of his foreign deals or assets—Trump was paid at least \$2.5 million in management fees for the Baku project during the previous year and owned, had ownership interest in, or was a managing member of several companies apparently related to his project in Azerbaijan, including the following:

- DT Marks Baku LLC, member, president
- DT Marks Baku Managing Member Corp., director, chairman, president
- THC Baku Hotel Manager Services LLC, member, president, received \$2.5 million in management fees
- THC Baku Hotel Manager Services Member Corp., director, chairman, president
- THC Baku Services LLC, member, president
- THC Baku Services Member Corp., director, chairman, president

According to Trump's May 2016 financial disclosure—which also was not verified by regulators and therefore may not include all of his foreign deals or assets—Trump was paid at least \$323,150 in management fees for the Baku project during the previous year and owned, had ownership interest in, or was a managing member of several companies apparently related to his project in Azerbaijan, including the following:

- DT Marks Baku LLC, member, president
- DT Marks Baku Managing Member Corp., director, chairman, president
- THC Baku Hotel Manager Services LLC, member, president
- THC Baku Hotel Manager Services Member Corp., director, chairman, president
- THC Baku Services LLC, member, president, received \$323,150 in management fees
- THC Baku Services Member Corp., director, chairman, president

Based on information from both disclosure forms, Trump was paid as much as \$2.8 million in management fees from his Azerbaijan project. Interestingly, unlike his other licensing arrangements, these forms do not appear to list any royalties Trump received from this project.

About a month after Trump's election, Alan Garten announced that the Trump Organization had cancelled its project in Azerbaijan. Even with the cancellation, ties between the Trump Organization and Azerbaijan still remain. In December 2016, in what appeared to be a continued effort to curry favor with Trump, the embassy of Azerbaijan co-hosted a major event at the Trump Hotel in Washington, D.C. The event further highlights President Trump's unwillingness to divest himself from or address serious conflicts of interest in his holdings.

Trump's dealings with the criminal class of Azerbaijan carry real risks for the United States. Azerbaijan is located in a particularly explosive neighborhood between Russia and Iran, and it borders Georgia, which Russian forces invaded in 2008. Azerbaijan also has enormous energy reserves and is involved in a long-simmering military dispute with Armenia. Will the Trump administration seriously address Azerbaijan's major corruption problem if it risks bringing some of the president's own financial improprieties to light? If conflict erupts again in the Caspian Sea region, will Donald Trump have America's best interests in mind or those of his fantastically corrupt business partners in Baku?

Read the full series of columns [here](#).

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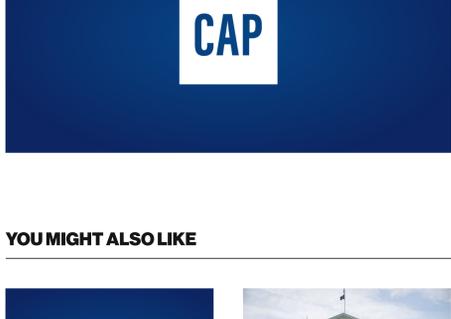


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