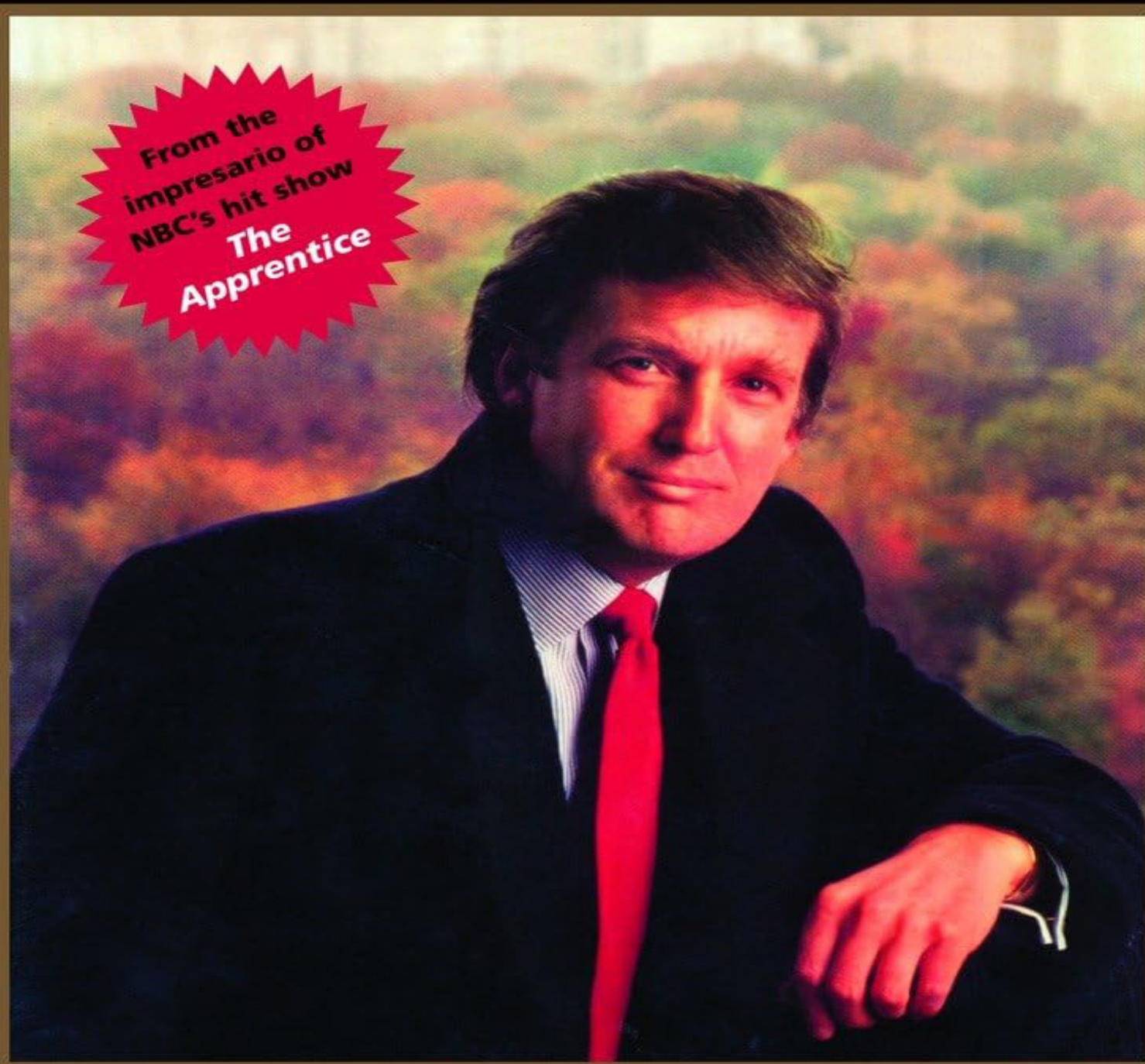


TRUMP

THE ART OF THE DEAL

From the
impresario of
NBC's hit show
**The
Apprentice**



DONALD J. TRUMP with TONY SCHWARTZ

TRUMP
TRIUMPHS!

TRUMP
THE ART OF THE DEAL

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Surviving at the Top

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TRUMP

THE ART OF THE DEAL

DONALD J. TRUMP
with **TONY SCHWARTZ**



BALLANTINE BOOKS • NEW YORK

The Art of the Deal is a commonsense guide to personal finance. In practical-advice books, as in life, there are no guarantees, and readers are cautioned to rely on their own judgment about their individual circumstances and to act accordingly.

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To my parents—Fred and Mary Trump

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About the Author

1

DEALING

A Week in the Life

I DON'T do it for the money. I've got enough, much more than I'll ever need. I do it to do it. Deals are my art form. Other people paint beautifully on canvas or write wonderful poetry. I like making deals, preferably big deals. That's how I get my kicks.

Most people are surprised by the way I work. I play it very loose. I don't carry a briefcase. I try not to schedule too many meetings. I leave my door open. You can't be imaginative or entrepreneurial if you've got too much structure. I prefer to come to work each day and just see what develops.

There is no typical week in my life. I wake up most mornings very early, around six, and spend the first hour or so of each day reading the morning newspapers. I usually arrive at my office by nine, and I get on the phone. There's rarely a day with fewer than fifty calls, and often it runs to over a hundred. In between, I have at least a dozen meetings. The majority occur on the spur of the moment, and few of them last longer than fifteen minutes. I rarely stop for lunch. I leave my office by six-thirty, but I frequently make calls from home until midnight, and all weekend long.

It never stops, and I wouldn't have it any other way. I try to learn from the past, but I plan for the future by focusing exclusively on the present. That's where the fun is. And if it can't be fun, what's the point?

MONDAY

9:00 A.M. My first call is to Alan (“Ace”) Greenberg, on the trading floor of Bear Sterns, a major Wall Street investment banking firm. Alan is the CEO of Bear Sterns, he’s been my investment banker for the past five years, and he’s the best there is. Two weeks ago, we began buying stock in Holiday Inns. It was selling in the 50s. As of this morning, Alan tells me, I own just over one million shares, or slightly more than 4 percent of the company. The stock closed Friday at \$65 a share, mostly, Alan says, because word is out on the street that I’ve been a big buyer, and there’s speculation I am planning a run at the company.

The truth is I’m keeping my options open. I may ultimately go for control of Holiday, which I think is somewhat undervalued. At the current stock price, I could get control for less than \$2 billion. Holiday’s three casino-hotels could be worth nearly that much—and the company owns another 300,000 hotel rooms besides.

A second option, if the stock price goes high enough, is to sell my stake and take a very nice profit. If I did that today, I’d already be up about \$7 million. The third possibility is that Holiday may eventually offer to buy back my shares, at a premium, simply to get rid of me. If the premium is big enough, I’ll sell.

In any case, I enjoy seeing the lengths to which bad managements go to preserve what they call their independence—which really just means their jobs.

9:30 A.M. Abraham Hirschfeld calls me, looking for advice. Abe is a successful real estate developer but he wants to be a politician. Unfortunately for Abe, he’s a far better developer than politician.

This fall, Abe tried to run for lieutenant governor against Governor Cuomo’s hand-picked candidate, Stan Lundine. Cuomo led a court fight to get Hirschfeld off the ballot on technical grounds, and sure enough, halfway into the campaign, the court ruled Hirschfeld out. Abe knows I’m friendly with the governor, and he wants my advice now on whether he should endorse Cuomo or switch parties and endorse Cuomo’s opponent. I tell him it’s a no-contest question—stick with a winner and a good guy at that.

We set a meeting for Thursday.

10:00 A.M. I call Don Imus to thank him. Imus has one of the most successful radio shows in the United States on WNBC, and he's been helping to raise money for the Annabel Hill fund.

I'm amazed at how this has snowballed into such a media event. It began last week when I saw a national news report by Tom Brokaw about this adorable little lady from Georgia, Mrs. Hill, who was trying to save her farm from being foreclosed. Her sixty-seven-year-old husband had committed suicide a few weeks earlier, hoping his life insurance would save the farm, which had been in the family for generations. But the insurance proceeds weren't nearly enough. It was a very sad situation, and I was moved. Here were people who'd worked very hard and honestly all their lives, only to see it all crumble before them. To me, it just seemed wrong.

Through NBC I was put in touch with a wonderful guy from Georgia named Frank Argenbright, who'd become very involved in trying to help Mrs. Hill. Frank directed me to the bank that held Mrs. Hill's mortgage. The next morning, I called and got some vice president on the line. I explained that I was a businessman from New York, and that I was interested in helping Mrs. Hill. He told me he was sorry, but that it was too late. They were going to auction off the farm, he said, and "nothing or no one is going to stop it."

That really got me going. I said to the guy: "You listen to me. If you do foreclose, I'll personally bring a lawsuit for murder against you and your bank, on the grounds that you harassed Mrs. Hill's husband to his death." All of a sudden the bank officer sounded very nervous and said he'd get right back to me.

Sometimes it pays to be a little wild. An hour later I got a call back from the banker, and he said, "Don't worry, we're going to work it out, Mr. Tramp." Mrs. Hill and Frank Argenbright told the media, and the next thing I knew, it was the lead story on the network news.

By the end of the week, we'd raised \$40,000. Imus alone raised almost \$20,000 by appealing to his listeners. As a Christmas present to Mrs. Hill and her family, we've scheduled a mortgage-burning ceremony for Christmas Eve in the atrium of Trump Tower. By then, I'm confident, we'll have raised all the money. I've promised Mrs. Hill that if we haven't, I'll make up any difference.

I tell Imus he's the greatest, and I invite him to be my guest one day next week at the tennis matches at the U.S. Open. I have a courtside box and I used to go myself almost every day. Now I'm so busy I mostly just send my friends.

11:15 A.M. Harry Usher, the commissioner of the United States Football League, calls. Last month, the jury in the antitrust suit we brought against the National Football League ruled that the NFL was a monopoly, but awarded us only token damages of one dollar. I've already let the better players on my team, the New Jersey Generals, sign with the NFL. But the ruling was ridiculous.

We argue about the approach we should take. I want to be more aggressive. "What worries me," I say to Harry, "is that no one is pushing hard enough on an appeal."

12:00 noon Gerry Schoenfeld, head of the Shubert Organization, the biggest Broadway theater owners, calls to recommend a woman for a job as an office administrator. He tells me the woman specifically wants to work for Donald Trump, and I say she's crazy but I'll be happy to see her.

We talk a little about the theater business, and I tell Gerry I'm about to take my kids to see *Cats*, one of his shows, for a second time. He asks if I'm getting my tickets through his office. I tell him that I don't like to do that sort of thing. "Don't be silly," he says. "We have a woman here whose job it is to handle tickets for our friends. Here's her number. Don't hesitate to call."

It's a nice gesture from a very nice guy.

1:15 P.M. Anthony Gliedman stops by to discuss the Wollman Rink project. Gliedman was housing commissioner under Ed Koch. At the time we fought a lot, and even though I ended up beating him in court, I always thought he was bright. I don't hold it against people that they have opposed me. I'm just looking to hire the best talent, wherever I can find it.

Tony has been helping to coordinate the rebuilding of the Wollman Skating Rink in Central Park, a project the city failed at so miserably for seven years. In June I offered to do the job myself. Now we're ahead of

schedule, and Tony tells me that he's set up a press conference for Thursday to celebrate the last important step in construction: pouring the concrete.

It doesn't sound like much of a news event to me, and I ask him if anyone is likely to show up. He says at least a dozen news organizations have RSVP'd yes. So much for my news judgment.

2:00 P.M. I get deposed in a lawsuit we've brought against a contractor on Trump Tower. Halfway into the job we had to fire the company for total incompetence, and we're suing for damages. I hate lawsuits and depositions, but the fact is that if you're right, you've got to take a stand, or people will walk all over you. In any case, there's no way I could avoid depositions, even if I never brought a lawsuit myself. Nowadays, if your name is Donald Trump, everyone in the world seems to want to sue you.

3:00 P.M. I ask Norma Foerderer, my executive assistant and the person who keeps my life organized, to bring me lunch: a can of tomato juice. I rarely go out, because mostly, it's a waste of time.

3:15 P.M. I put in a call to Sir Charles Goldstein; he's out, and I leave a message. He's a successful real estate attorney, but not one of my favorites.

I'm pretty sure Charlie Goldstein is from the Bronx, but he's a very pompous guy and has a tendency to act like royalty, so I call him Sir Charles. Over the weekend, I heard that Lee Iacocca had hired Sir Charles to represent him on a deal in Palm Beach where Lee and I intend to be partners. Lee had no way of knowing about my past experience with Sir Charles. A while back, I was in the middle of making a deal with a guy who needed an attorney, and I recommended Sir Charles. The next thing I knew, Sir Charles was recommending to his client that he not make the deal with me. I couldn't believe it!

This deal is to buy two condominium towers in the Palm Beach area. I own a house in Palm Beach—a spectacular place called Mar-a-Lago—and one day last winter, when I was down for the weekend, I went out to have lunch with some friends. On the way, a pair of beautiful gleaming white towers caught my eye. I made a couple of calls. It turned out they'd been built for about \$120 million and a major New York bank had just foreclosed

on the developers. The next thing I knew I was making a deal to buy the project for \$40 million.

A mutual friend, William Fugazy, first mentioned that Lee and I should do a real estate deal together. I think Lee is an extraordinary businessman who has done wonders in turning Chrysler around, and I also like him a great deal personally. So one thing led to another and we began talking about the towers. It's a substantial investment, and I'm not certain Lee is absolutely sure yet that he wants to go forward. If that's the case, it occurs to me, he's done the perfect thing by hiring an attorney I don't like. And that's precisely what I intend to tell Sir Charles when he calls me back.

3:30 P.M. I call my sister, Maryanne Barry, to discuss a recent decision in a lawsuit we are contesting in Atlantic City. Maryanne is a federal court judge in New Jersey, and her husband, John, is a talented attorney I have used on many occasions.

"Can you believe they ruled against us?" I ask her. Maryanne is very smart, she obviously knows a lot more about the law than I do, and she's as surprised as I am. I tell her that I've arranged to have all the materials from the case sent to John immediately, because I want him to handle the appeal.

4:00 P.M. I go to our conference room to look at slides of potential Christmas decorations for the atrium in Trump Tower. The spectacular six-story marble atrium has become one of the leading tourist attractions in New York City. More than 100,000 people a week come from all over the world to see it and shop in it, and it's now a symbol of the Trump Organization. That's why I still get involved in details like what Christmas decorations we should use.

I don't like most of what I'm shown. Finally, I see a huge and magnificent gold wreath for the entrance to the building, and decide we should use just that. Sometimes—not often, but sometimes—less is more.

* * *

4:30 P.M. Nicholas Ribis, a New Jersey attorney who handled the licensing of both my Atlantic City casinos, calls to say he's about to leave for Sydney,

Australia, to pursue a deal I'm considering. He tells me it's a twenty-four-hour flight, and I tell him I'm very glad he's going instead of me.

The deal, however, may be worth the trip. The government of New South Wales is in the midst of choosing a company to build and operate what they envision as the world's largest casino. We're a front-runner for the job, and Nick is going over to meet with the key government people. He tells me he'll call from Australia as soon as he has any news.

5:15 P.M. I call Henry Kanegsberg, the NBC executive in charge of choosing a new site for the network's headquarters. We've been courting NBC for more than a year, trying to get them to move to our West Side yards site—seventy-eight acres along the Hudson River that I bought a year ago and on which I've announced plans to build the world's tallest building.

I know Henry has just been shown our latest plans for the site, and I'm following up. I mention that Bloomingdale's is dying to become the anchor store in our shopping center, which will give it real prestige. I also tell him the city seems very excited about our latest plans. Then I say we expect to get our preliminary approvals in the next several months.

Kanegsberg seems enthusiastic. Before I get off, I also put in a plug for NBC's locating its offices in the world's tallest building. "Think about it," I say. "It's the ultimate symbol."

5:45 P.M. My nine-year-old son, Donny, calls to ask when I'll be home. I always take calls from my kids, no matter what I'm doing. I have two others—Ivanka, six, and Eric, three—and as they get older, being a father gets easier. I adore them all, but I've never been great at playing with toy trucks and dolls. Now, though, Donny is beginning to get interested in buildings and real estate and sports, and that's great.

I tell Donny I'll be home as soon as I can, but he insists on a time. Perhaps he's got my genes: the kid won't take no for an answer.

6:30 P.M. After several more calls, I leave the office and take the elevator upstairs to my apartment in the residential part of Trump Tower. Of course, I have a tendency to make a few more calls when I get home.

TUESDAY

9:00 A.M. I call Ivan Boesky. Boesky is an arbitrageur, but he and his wife are also the majority owners of the Beverly Hills Hotel and I've just read that he's decided to sell it. I have no idea when I call that just two weeks from now Boesky will plead guilty to insider trading, and that the real reason he's eager to sell the hotel is that he needs to raise cash fast.

My idea is to hire Steve Rubell and Ian Schrager, the creators of Studio 54 and the Palladium, to run the Beverly Hills Hotel for me. Steve's an incredible promoter, and he'd make the hotel hot as hell again. I get Boesky and tell him I'm very interested. He tells me Morgan Stanley and Company is handling the deal, and I will get a call from their people shortly.

I like Los Angeles. I spent a lot of weekends there during the 1970s, and I always stayed at the Beverly Hills. But I won't let my personal preferences affect my business judgment. Much as I like the hotel, I'm interested in it only if I can get it for a much better price than they're now asking.

9:30 A.M. Alan Greenberg calls. We've bought another 100,000 shares of Holiday, and the stock is up another point and a half. Trading is very active. I tell Alan I've heard that the top guys at Holiday are in a panic and that they're holding emergency meetings to discuss how to react to me. Alan says that he thinks Holiday will enact some kind of "poison pill" as a way of fending off any attempts I make at a hostile takeover.

Our call lasts less than two minutes. That's one thing I love about Alan: he never wastes time.

10:00 A.M. I meet with the contractors in charge of building my 2,700-space parking garage and transportation center across the street from Trump Plaza on the Boardwalk in Atlantic City. It's a \$30 million job, and they're here to give me a progress report. They tell me we're on schedule and under budget.

The garage will be ready in time for Memorial Day, 1987—the biggest weekend of the year in Atlantic City—and it's going to increase our business enormously. Right now we are doing well with virtually no parking. The new lot is located at the end of the main road leading to the

Boardwalk, and it's connected by a walkway to our casino. Anyone who parks in the garage funnels directly into our facility.

11:00 A.M. I meet with a top New York banker at my office. He's come to try to solicit business, and we have a general talk about deals I'm considering. It's funny what's happened: bankers now come to me, to ask if I might be interested in borrowing their money. They know a safe bet.

12:15 P.M. Norma comes in and tells me that we have to switch the Wollman Rink press conference from Thursday to Wednesday. Henry Stern, the New York City parks commissioner, has a conflict: on Thursday he is also scheduled to dedicate a new Central Park playground on the Upper West Side, underwritten by Diana Ross, the singer.

The problem is that there's no way we can move our concrete-pouring, which was why we called the press conference in the first place. But what the hell? I'll wing it and things will work out. I'm reluctant to give Henry a hard time. Last week, my security force refused to let him into Wollman without my written permission. This was taking good security a step too far. As you can imagine, Henry wasn't thrilled.

12:45 P.M. Jack Mitnik, my accountant, calls to discuss the tax implications of a deal we're doing. I ask him how bad he thinks the new federal tax law is going to be for real estate, since it eliminates a lot of current real estate write-offs.

To my surprise, Mitnik tells me he thinks the law is an overall plus for me, since much of my cash flow comes from casinos and condominiums and the top tax rate on earned income is being dropped from 50 to 32 percent. However, I still believe the law will be a disaster for the country, since it eliminates the incentives to invest and build—particularly in secondary locations, where no building will occur unless there are incentives.

1:30 P.M. I tell Norma to call John Danforth, the Republican senator from Missouri. I don't know Danforth personally, but he's one of the few senators who fought hard against the new tax bill. It's probably too late, but

I just want to congratulate him on having the courage of his convictions, even though it might cost him politically.

Danforth isn't in, but his secretary says he'll call back.

1:45 P.M. Norma sees an opening between calls, and she comes in to ask me about several invitations. Dave Winfield, the New York Yankee outfielder, has asked me to be the chairman of a dinner to benefit his foundation, which fights drug abuse. I'm already chairing two dinners this month, one for United Cerebral Palsy and the other for the Police Athletic League.

I don't kid myself about why I'm asked to speak at or chair so many events. It's not because I'm such a great guy. The reason is that the people who run charities know that I've got wealthy friends and can get them to buy tables. I understand the game, and while I don't like to play it, there is no graceful way out. However, I've already hit up my friends twice this month—and there's only so many times you can ask people to donate \$10,000 for a table. I tell Norma to turn Winfield down, with regrets.

The other invitation is from the Young President's Organization, asking me to speak at a dinner they're having. YPO admits businessmen under the age of forty who are chief executives of their companies. I turned forty two months ago, so in their eyes, I guess I now qualify as an elder statesman.

Norma also asks me about a half dozen party invitations. I say yes to two. One is being given by Alice Mason, the real estate broker who has managed to turn herself into a major socialite by getting the hottest people to come to her parties. The other is a reception for two wonderful people, Barbara Walters of ABC and Merv Adelson, the head of Lorimar-Telepictures, who were married a few months ago in California.

Frankly, I'm not too big on parties, because I can't stand small talk. Unfortunately, they're part of doing business, so I find myself going to more than I'd like—and then trying hard to leave early. A few, fortunately, I enjoy. But more often I will accept an invitation many months in advance, thinking the date is so far off that it will never arrive. When it does, I get mad at myself for having accepted in the first place. By then it's usually too late to pull out.

2:00 P.M. I get an idea and call Alan Greenberg again. My idea is based on the fact that if I make a takeover move against Holiday, I have to get licensed as a casino operator in Nevada, where Holiday owns two casinos. “What do you think,” I ask him, “about just selling out Holiday shares right now, taking a profit, and then rethinking a takeover bid after I get licensed?”

Alan argues for holding tight with what we’ve got. I say okay, for now. I like to keep as many options open as I can.

2:15 P.M. John Danforth calls back. We have a nice talk, and I tell him to keep up the good work.

2:30 P.M. I return a call from one of the owners of the Dunes Hotel in Las Vegas. They also own perhaps the best undeveloped site on the Vegas strip. For the right price, I’d consider buying it.

I like the casino business. I like the scale, which is huge, I like the glamour, and most of all, I like the cash flow. If you know what you are doing and you run your operation reasonably well, you can make a very nice profit. If you run it very well, you can make a ton of money.

2:45 P.M. My brother, Robert, and Harvey Freeman, both executive vice presidents in my company, stop by to report on a meeting they’ve had that day with Con Edison and executives from NBC about the West Side yards project. Con Ed has a large smokestack on the southern end of the site, and the meeting was to discuss whether the fumes from the stack would dissipate as effectively if a large building goes up adjacent to it.

Robert, who is two years younger than I am, is soft-spoken and easygoing, but he’s very talented and effective. I think it must be hard to have me for a brother, but he’s never said anything about it and we’re very close. He is definitely the only guy in my life whom I ever call “honey.”

Robert gets along with almost everyone, which is great for me, since I sometimes have to be the bad guy. Harvey is a different type: no-nonsense, not too big on laughs, but he’s got an absolutely brilliant analytic mind.

The Con Ed people, I’m happy to hear, told the NBC executives that there is no reason to believe the presence of the NBC building will affect

the smokestack. Unfortunately, Con Ed won't be the last word. Before we can get our approvals, we'll have to get an independent environmental-impact statement.

3:15 P.M. I call Herbert Sturz of the City Planning Commission, which will be the first city agency to approve or disapprove our latest plan for the West Side yards. Sturz and his people are scheduled to have a preliminary look on Friday.

He isn't in, so I leave a message with his secretary. I just say I'm looking forward to seeing him Friday morning.

3:20 P.M. Gerald Schragger calls. Jerry's a top attorney at Dreyer & Traub, one of the best real estate firms in the country, and he's handled nearly every one of my major deals since I bought the Commodore Hotel back in 1974. Jerry is more than an attorney. He's an absolute business machine, and he can see through to the essence of a deal as fast as anyone I know.

We talk about the Holiday Inns situation and several other deals that are in various stages. Like Alan Greenberg, Schragger isn't big on wasting time. We cover a half dozen subjects in less than ten minutes.

3:30 P.M. My wife, Ivana, stops in to say good-bye. She's on her way to Atlantic City, by helicopter. I like to kid her that she works harder than I do. Last year, when I bought my second casino from the Hilton Corporation and renamed it Trump's Castle, I decided to put Ivana in charge. She's incredibly good at anything she's ever done, a natural manager.

Ivana grew up in Czechoslovakia, an only child. Her father was an electrical engineer and a very good athlete, and he started Ivana skiing very early. By the age of six she was winning medals, and in 1972 she was an alternate on the Czechoslovakian ski team at the Sapporo Winter Olympics. A year later, after graduating from Charles University in Prague, she moved to Montreal and very quickly became one of the top models in Canada.

We met at the Montreal Summer Olympic Games in August 1976. I'd dated a lot of different women by then, but I'd never gotten seriously involved with any of them. Ivana wasn't someone you dated casually. Ten months later, in April 1977, we were married. Almost immediately, I gave

her responsibility for the interior decorating on the projects I had under way. She did a great job.

Ivana may be the most organized person I know. In addition to raising three children, she runs our three homes—the apartment in Trump Tower, Mar-a-Lago, and our home in Greenwich, Connecticut—and now she also manages Trump's Castle, which has approximately 4,000 employees.

The Castle is doing great, but I still give Ivana a hard time about the fact that it's not yet number one. I tell her she's got the biggest facility in town, so by all rights it should be the most profitable. Ivana is almost as competitive as I am and she insists she's at a disadvantage with the Castle. She says she needs more suites. She isn't concerned that building the suites will cost \$40 million. All she knows is that not having them is hurting her business and making it tougher for her to be number one. I'll say this much: I wouldn't bet against her.

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3:45 P.M. The executive vice president for marketing at the Cadillac Division of General Motors is on the phone. He's calling at the suggestion of his boss, John Gretenberger, the president of the Cadillac Motors Division whom I know from Palm Beach. Cadillac, it turns out, is interested in cooperating in the production of a new superstretch limousine that would be named the Trump Golden Series. I like the idea. We set a date to sit down and talk in two weeks.

4:00 P.M. Daniel Lee, a casino analyst for Drexel Burnham Lambert, stops by with several of his colleagues to discuss being my investment bankers on a deal to purchase a hotel company.

Michael Milken, the guy who invented junk-bond financing at Drexel, has called me regularly for the last several years to try to get me to bring my business to Drexel. I have no idea that Drexel is about to get enmeshed in the insider-trading scandal that will soon rock Wall Street. In any case, I happen to think Mike's a brilliant guy. However, Alan Greenberg is exceptional himself, and I'm loyal to people who've done good work for me.