

Donald Trump's 13 Biggest Business Failures

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By Tessa Stuart

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Donald Trump has made his vast wealth a centerpiece of his presidential campaign; he says voters can trust him because of his keen business sense. There are some problems with that strategy, however: 1) He's not quite the self-made mogul he makes himself out to be — he got a considerable head start in business thanks to his real-estate developer father. 2) His fortune may well be considerably smaller than he says it is. And 3) his business record is less sterling than he suggests. (Sad!)

Trump brags on his campaign website that his fortune is “in excess of TEN BILLION DOLLARS.” The Federal Election Commission disclosure form filed by Trump's campaign offers a somewhat more conservative estimate of \$8.7 billion, while Forbes pegs his fortune at more like \$4.5 billion. If there's one thing Trump is more sensitive about than his baby carrot fingers, it's his net worth. He's repeatedly threatened to sue individuals who speculate he's exaggerating about his riches, and he once even made good on such a threat, suing the author of the 2005 book *TrumpNation* for estimating that his empire was worth as little as \$150 million. (That lawsuit was thrown out.) Forbes editors also say Trump regularly lobbies them to increase the magazine's estimates of his wealth.

Trump may “guarantee there's no problem,” but we'll likely never know just how big his fortune really is — he has refused to release his tax returns, despite calls to do so from both inside and outside his party. One reason he may be reluctant to put his tax returns out there is that he doesn't actually own a significant portion of his empire, a fact he has tried to obscure through language in some of his licensing agreements. Most Trump-branded projects and products are built and sold by third parties, and Trump only makes a relative sliver of money off them by licensing his name. **By Trump's measure, his name is his most valuable asset. (Per *Forbes*, “Trump claims that his brand and brand-related deals are worth some \$3.3 billion. We value his brand at just \$125 million.”) In practice, “Trump” has repeatedly stood for half-baked schemes, shoddy work and sketchy characters.**

Here are some of Trump's noteworthy business failures.

1. Trump Airlines

In 1988, Trump took out a \$245 million loan to purchase the planes and routes of Eastern Air Shuttle. He slapped a TRUMP decal and some gold bathroom fixtures on the commuter planes that flew between New York, Boston and Washington, D.C., but customers weren't charmed. Two years after he launched Trump Shuttle, the airline wasn't making enough money to even cover the \$1 million monthly interest payment on his loan. Trump ultimately defaulted, surrendering ownership of the airline to his creditors.

2. Trump beverages

Perhaps you're aware of Trump Ice — “one of the purest natural spring waters bottled in the world,” according to the Trump's website. The line of water, which is bottled by a third party, is not a failure;

according to his FEC disclosure, Trump made \$280,000 off it last year. But Trump's other forays into the beverage market have been less successful. **Undoubtedly intended to play on his *Apprentice* catchphrase, Trump Fire was trademarked in 2004, but it does not appear to have ever made it to market. Trump trademarked the name Trump Power at the same time. Both drinks were categorized as "non-alcoholic beverages containing fruit juices... namely, carbonated beverages" on their trademark applications. The only trace remaining of either are the trademark applications that were abandoned in 2006. The same goes for Trump's American Pale Ale, the trademark for which was cancelled in 2007.**

3. Trump: The Game

In 1988, Trump teamed up with Milton Bradley to create Trump: The Game. Despite its flashy TV ad, the game sold only 800,000 copies — less than half the 2 million units the company expected to move. When it was discontinued in 1990, Trump chalked the game's dismal sales up to the fact that it might have been "too complicated." The failure apparently didn't deter Hasbro from releasing a re-branded version of the game in 2004 to capitalize on Trump's *Apprentice*-related popularity. Trump said he expected the Hasbro version of his game to sell more copies than the original, but it too quickly went out of circulation.

Watch Video At: <https://youtu.be/OdY31mDsBmU>

4. Trump casinos

Trump has filed for bankruptcy on his Atlantic City properties alone three times. First was the Trump Taj Mahal in 1991 — which was \$3 billion in debt after just one year in operation. He was back in bankruptcy court in 2004, and not just for the Trump Taj Mahal but for the Trump Marina and Trump Plaza casinos, which along with a riverboat casino in Indiana had a debt burden of some \$1.8 billion. After the bankruptcy, Trump Hotels and Casino Resorts reorganized as Trump Entertainment Resorts Inc. Four years later, Trump Entertainment Resorts missed an interest payment on a \$53.1 million bond; the company declared bankruptcy, and this time Trump stepped down as its chairman.

5. *Trump* magazine

Trump launched his eponymous magazine in late 2007, reinventing a publication that had previously been called *Trump Style* and *Trump World*. His idea was to "[cash] in on the booming advertising market for yachts and other high-end commodities." The timing, of course, couldn't have been worse for a magazine, particularly one dependent on luxury advertising. It didn't survive the financial crisis, folding by 2009.

6. Trump Mortgage

"I think it's a great time to start a mortgage company," Trump famously predicted to CNBC in April 2006. "The real-estate market is going to be very strong for a long time to come." In reality, the market had already begun deflating at that point and would collapse within a matter of months. Unsurprisingly, Trump Mortgage's business fell far short of its projections, doing less than a third of the \$3 billion in business executives predicted it would do in its first year. At the time, Trump blamed the failure on the executives who run the company. He had tapped E.J. Ridings for the company's CEO position; the company's website boasted Ridings as having been a "top executive of one of Wall Street's most prestigious investment

banks,” but *Money Magazine* later found he had just six months of experience as a stockbroker before he went to work a small mortgage company. Trump Mortgage shuttered in September 2007. According to the *Washington Post*, the company never paid a \$298,274 judgement it owed a former employee, nor the \$3,555 it owed in unpaid taxes.

7. Trump Steaks

When Trump filed for bankruptcy on his Atlantic City properties for the second of three times, court records showed he owed the Georgia company Buckhead Beef some \$715,240. Two years later, in 2007, Trump struck a deal sell Buckhead Beef through the futuristic gadget store the Sharper Image. CEO Jerry Levin would later tell *ThinkProgress* it was “a bad business idea.”

“[W]e literally sold almost no steaks,” Levin said. “If we sold \$50,000 of steaks grand total, I’d be surprised.” The steaks were pulled from shelves after just two months of abysmal sales, but the Trump Steaks commercial has, blessedly, been preserved for posterity.

Watch Video At: https://youtu.be/LyONt_ZH_aw

8. Trump’s travel site

Like many of his business ventures, GoTrump.com was a gaudier version of an existing product — the travel booking website Travelocity, in this case. It launched in 2006 to low expectations: Henry Hartevelde of Forrester Research told the *Washington Post* it was a “vanity site” that wouldn’t make much money. He was right; it folded in 2007. Trump never gave up the URL, though — today it directs back to his campaign website.



9. Trump’s comms company

Trump registered a trademark for Trumpnet under the category of “corporate telephone communication services” in 1990. Whatever it was going to be, it never got off the ground; the trademark was abandoned in 1992.

10. Trump Tower Tampa

The 52-story Trump Tower in Tampa wasn’t conceived of or proposed or drafted up by Donald Trump — he just sold the use of his name to developers of the \$300 million condo project for a cool \$2 million. They, in turn, collected downpayments from individual buyers drawn in by the Trump mystique. After the project went belly-up in 2008 (it listed two scale models and some office furniture, worth a grand total of \$3,500, as its only assets in bankruptcy court) buyers sued Trump for misleading them. He eventually settled, in some cases for as little as \$11,115, with plaintiffs who had lost hundreds of thousands of dollars.

11. Trump University

Also known as the Trump Entrepreneur Initiative, Trump University was a series of wealth-building seminars for which students paid as much as \$34,995 for mentorships that would supposedly get them access to Trump’s secrets of success. Instead of the hand-picked instructors Trump promised, the seminars were delivered by motivational speakers, often without degrees, and sometimes with criminal records. According to his FEC filings, Trump

brought in \$11,819 from the Trump Entrepreneur Initiative last year; he's now the subject of two class-action lawsuits in California related to Trump University, and a third suit, for \$40 million, brought by New York Attorney General Eric Schneiderman.

12. Trump Vodka

Trump Vodka — “Success Distilled,” to quote its press materials — appeared in 2006. Trump said at the time, “I fully expect the most called for cocktail in America to be the T&T or the Trump and Tonic.” The liquor flopped, maybe in part because of Trump's reputation as a teetotaler didn't inspire a lot of confidence in his taste in hard alcohol. The trademark was abandoned in 2008, and the liquor was out of circulation by 2011.

13. Lost future earnings from calling Mexicans rapists

Trump kissed millions of dollars in future earnings goodbye last summer when he called Mexicans rapists and criminals in his campaign announcement speech. “Yeah, I'm losing some contracts, who cares, people – politically they're weak and they want to be politically correct,” he said at the time.

For instance, he was dumped by NBC, the home of Trump's beloved *Apprentice* franchise. According to his FEC filings, Trump brought in some \$213 million over 14 seasons of the franchise, or about \$15.2 million per cycle. He had left the door open to return to *Celebrity Apprentice*, but NBC eventually announced it was finding a new host.

Then there were Trump's cologne brands, Success by Trump and Empire by Trump, which were sold exclusively by Macy's until both the retailer and the cologne maker dropped the mogul. (Unfortunately for Trump, he didn't have that excuse in 2007, when Donald Trump: The Fragrance — his first foray into the market — was discontinued.)

Likewise, Macy's discontinued Trump's line of menswear, which it had carried for 11 years. According to his financial disclosure, it brought in between \$1 million and \$5 million — not the kind of money a man who once cashed a 16-cent check would spit at.

And Serta announced it would stop selling its Trump-branded mattress, which, according to Trump's FEC filings, brought in another \$1 million and \$5 million in royalties every year.