

EXHIBIT 3

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Michael Sexton

Makaeff v. Trump University

** CONFIDENTIAL ** CONFIDENTIAL **

UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF CALIFORNIA
CASE NO.: 10 CV 0940 EIG (WVG)

-----X
TARLA MAKAEFF, BRANDON KELLER, ED OBERKROM
and PATRICIA MURPHY, on Behalf of Themselves
and all others Similarly Situated,

Plaintiffs,

-against-

TRUMP UNIVERSITY, LLC (AKA TRUMP
ENTREPRENEUR INITIATIVE) a New York
Limited Liability Company, DONALD J. TRUMP,
and DOES 1 through 50, inclusive,

Defendants.

-----X
August 22, 2012
9:57 a.m.

VIDEOTAPED DEPOSITION of MICHAEL SEXTON,
30(b)(6) Witness in the above-captioned matter,
taken by Plaintiffs, held at 725 Fifth Avenue,
New York, New York, before Eileen Mulvenna,
CSR/RMR/CRR, Certified Shorthand Reporter,
Registered Merit Reporter, Certified Realtime
Reporter and Notary Public of the State of
New York.

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2 And we heard quite clearly from
3 people, you know -- and, again, in every possible
4 way, whether it was somebody e-mailing us,
5 whether it was somebody calling up customer
6 service. And the customer service people would
7 invariably ask, why don't you want the online
8 course, if they didn't want the online course.

9 So it built a very compelling
10 picture and a very clear picture that people
11 wanted to learn the old-fashioned way. In large
12 part due to part of our target -- our target
13 demographic was people in their 40s. And that's
14 when small business owners typically need this
15 kind of thing.

16 And I think a bit early for the
17 time, but that's a story for another day, but
18 they just weren't ready for e-learning, so we
19 responded to that demand.

20 **Q. Was part of the feedback based on**
21 **the fact that other -- you know, other entities**
22 **were providing these live real estate educational**
23 **opportunities, such as Trump Institute, for**
24 **instance?**

25 A. Well, to be clear, they weren't --

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2 they weren't doing real estate at that time.
3 Their other business was a -- the grants
4 business, right. But, no, it was -- I guess yes
5 and no. When people said, hey, come to our --
6 come to LA and hold a class and I'm all in, we
7 heard that enough, we started to explore what
8 that would mean from a practical standpoint.

9 And we looked at different business
10 models of companies that conducted education and
11 training on a national basis, and we found a
12 small handful of companies, one of which was
13 the -- not BSG, but their sister company owned by
14 effectively the same people.

15 **Q. Do you recall what their sister**
16 **company was?**

17 A. And "sister" is the wrong word.
18 It's -- it's called -- it was called National
19 Grants Conferences. There was a company called
20 Dy- -- again, we were approached by these people
21 as well. And they tried to -- they wanted to
22 propose to live -- to run a line of events for
23 us.

24 So we learned about that business
25 and it seemed like, you know, an effective way to

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2 deliver education and training without having to
3 obviously build out. A physical infrastructure
4 in different marketplaces would be cost
5 prohibitive. And it seemed like a reasonable way
6 to deliver what people were asking for without --
7 without incurring a significant cost and delaying
8 many, many years before we could enter that
9 market.

10 **Q. So if I'm understanding you**
11 **correctly, for sort of transitional purposes,**
12 **then BSG was -- provided those while you were**
13 **still building it out?**

14 A. Correct. Correct.

15 **Q. Okay. So through Trump Institute**
16 **essentially?**

17 A. Through Trump Institute. And we
18 had -- we had interviewed -- we had interviewed
19 Dynatech. And they proposed to us. And there's
20 a company called -- they're called Tigrent today,
21 but they were called something else back then.
22 And they were I think the three largest that --
23 that we had found.

24 **Q. Was -- I don't -- I don't -- was the**
25 **company Rich Dad, Poor Dad one of the ones you**

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2 **were looking at or other -- other entities that**
3 **were providing these services?**

4 A. It was a company that -- Rich Dad,
5 Poor Dad licenses their -- at the time it was a
6 pure license to a company called Tigrent. I
7 think since then, because of some financial
8 difficulties, Rich Dad's actually taken an equity
9 position in -- in Tigrent. So that relationship
10 has changed over the years.

11 **Q. And were you looking to these**
12 **entities for your price points as well when**
13 **you -- when you did build out?**

14 A. We would always do competitive
15 research to understand what market pricing was.
16 It was a data point. Certainly wasn't --
17 certainly wasn't the sole factor in setting
18 prices.

19 **Q. What other types of factors were you**
20 **looking at?**

21 A. We looked at the cost of delivering
22 services to understand what kind of target
23 margins we should be aiming for and what we could
24 reasonably achieve. We looked at what the market
25 would bear. You know, we wanted to be within --

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2 A. Yes.

3 **Q. New Orleans in 2008?**

4 A. Yes.

5 **Q. And Las Vegas in 2009?**

6 A. Thank you, yes. That also solves
7 the mystery.

8 **Q. You threw me off there.**

9 A. Those dates are killing me.

10 **Q. Okay. And what was the purpose of**
11 **the playbook?**

12 A. It was -- it was an aggregation of
13 all the standard operating procedures, rules,
14 regulations that governed how we as an
15 organization behaved and acted out in the field.

16 **Q. Going back to the name, when you**
17 **were changing the name to Trump Entrepreneur**
18 **Initiative, did you consider any names that did**
19 **not have Trump in them?**

20 A. No, we did not.

21 **Q. And why was it important to retain**
22 **the name Trump?**

23 A. We believed it had brand equity.
24 There was value to it. Certainly from a
25 continuity standpoint, it made a tremendous

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2 amount of sense; but at the end of the day, the
3 brand was critical to the business.

4 **Q. When the New York Department of**
5 **Education contacted Trump University, do you know**
6 **whether it did so by letter?**

7 A. It did so by letter, yes.

8 **Q. And to whom was it addressed? Do**
9 **you know? Was it addressed to you?**

10 A. I believe it was. I believe it was.

11 **Q. What did Trump University do in**
12 **response to the letter?**

13 A. We spoke to Joseph Frey at the
14 Department of Education.

15 **Q. Can you spell Joseph's name for the**
16 **record?**

17 A. Last name F-R-E-Y.

18 We obviously referred it immediately
19 to counsel as well.

20 **Q. By "counsel," who do you mean?**

21 A. George Sorial.

22 **Q. George Sorial, for the record, is**
23 **with?**

24 A. Trump Organization.

25 **Q. And did you -- did you -- did you**

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2 **Q. Does it have any subsidiaries?**

3 A. Again, I would direct you to Steve
4 Matejek. The only one I can think of is the
5 Canadian entity, which, again, I believe was
6 called Trump Education, I believe it's ULC up
7 there, which I believe is a wholly owned
8 subsidiary of Trump University LLC.

9 **Q. Does Trump University have any other**
10 **affiliates?**

11 A. No, not that I'm aware of.

12 **Q. Or has it throughout its history?**

13 A. No.

14 **Q. What is Prosper, Incorporated,**
15 **P-R-O-S-P-E-R?**

16 A. Prosper was -- it is a -- they're
17 kind of a sales and marketing partner that will
18 work with branded entities and provide -- kind of
19 partner to provide marketing and sales and --
20 marketing and sales support as well as execution
21 of specifically coaching.

22 **Q. So getting a little more specific,**
23 **what did Prosper provide for Trump University?**

24 A. So early, and I guess in 2005 it
25 would have been, they made a proposal to us, and

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2 we agreed to pilot it to -- where they would
3 market a coaching program, a real estate coaching
4 program under the Trump University brand. And
5 they would incur the costs to market it. And
6 then they demonstrated to us they had expertise
7 in that area. They would sell coaching programs
8 and they would deliver coaching programs
9 specifically in the area of real estate.

10 **Q. And was it done under Prosper's name**
11 **or under Trump University's name?**

12 A. Trump University's name.

13 **Q. And were there any agreements,**
14 **written agreements, between Trump University and**
15 **Prosper which memorialized that relationship?**

16 A. There was an agreement for a pilot.
17 I believe it was -- it covered kind of a test,
18 like a memo of understanding, that kind of thing.

19 **Q. And who was primarily responsible**
20 **for negotiating that -- executing that?**

21 A. I was.

22 **Q. And did Trump University make a**
23 **portion of the revenues?**

24 A. Correct. So that was a revenue
25 share.

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2 **Q. Do you remember what the percentage**
3 **was on the revenue share?**

4 A. I don't. I thought it was a fairly
5 complex formula, but I don't recall the
6 specifics.

7 **Q. It would be in the agreement?**

8 A. Presumably.

9 **Q. And what time period did that**
10 **agreement cover? I think you had mentioned 2005**
11 **maybe on the front end. How long was that**
12 **agreement in effect?**

13 A. So I think we started sometime in
14 2005. I don't recall offhand when that
15 terminated. I know we went through kind of
16 different phases with them over time where it was
17 more active and less active and then more active;
18 but I don't recall specifically when it was
19 terminated.

20 **Q. Do you remember the year?**

21 A. I don't.

22 **Q. Okay.**

23 A. I don't.

24 **Q. Okay. Do you remember whether it**
25 **was a multiyear relationship?**

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2 A. I believe it was. Certainly
3 extended -- didn't end in '06. Two or three
4 years, something like that. I'm not sure.

5 **Q. Maybe 2007, 2008?**

6 A. Perhaps, yes.

7 **Q. And I believe you said that they**
8 **paid for the advertising; correct?**

9 A. Yes, they did.

10 **Q. Was -- were the ads -- were the ads**
11 **approved by you or somebody else at Trump**
12 **University?**

13 A. They were all supposed to be
14 approved, but one of the reasons we -- I guess I
15 would say one of the reasons that we had a bit of
16 a tenuous relationship with them was that we
17 would find at times ads that came back to us from
18 third parties that had no resemblance to what we
19 had approved.

20 And from their standpoint -- their
21 defense was they only had control over so much.
22 As soon as they let it out the door, Prosper --
23 as soon as Prosper contracted with a publisher,
24 who then contracted with another publisher, an
25 affiliate or a subaffiliate, at some point the

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TARLA MAKAEFF, BRANDON KELLER, ED OBERKROM
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Plaintiffs,

-against-

TRUMP UNIVERSITY, LLC (AKA TRUMP
ENTREPRENEUR INITIATIVE) a New York
Limited Liability Company, DONALD J. TRUMP,
and DOES 1 through 50, inclusive,

Defendants.

-----X
August 23, 2012
9:14 a.m.

CONTINUED VIDEOTAPED DEPOSITION of
MICHAEL SEXTON, 30(b)(6) Witness in the
above-captioned matter, taken by Plaintiffs, held
at 725 Fifth Avenue, New York, New York, before
Eileen Mulvenna, CSR/RMR/CRR, Certified Shorthand
Reporter, Registered Merit Reporter, Certified
Realtime Reporter and Notary Public of the State
of New York.

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people how to request and obtain national grants?

A. I believe it was a business that was educating and training individuals on how to apply for grants at the federal, state and local level and potentially loans as well, I believe.

Q. Did Mr. Mylan operate BSG with his wife?

A. She was involved. I don't know what the corporate structure was. We weren't privy to that.

Q. If you could look at page 18 of the agreement. Is that your signature for Trump University?

A. Yes, it is.

Q. And above your signature for BSG, it lists, "Irene Mylan." Is that Michael Mylan's wife?

A. Mylan. But yes, that is.

Q. Were they located in Florida?

A. They were.

Q. Who's Dynatech?

A. Dynatech was another company that we had interviewed as a potential partner in the live events business. They were, I believe at

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2 the time, the largest company in that industry.
3 I think approximately about 250 million in
4 revenues, so quite large. And we went through a
5 fairly lengthy process with them vetting what
6 capabilities they had as part of our process to
7 select ultimately a partner to work with.

8 **Q. What were their products? What kind**
9 **of courses did they do?**

10 A. They were fairly -- well, like I
11 said, they're large, so they were fairly broad.
12 I know they had a stock trading program. I
13 believe it's called Wizetrade. They had -- they
14 had both proprietary -- as I understood it,
15 proprietary programs that they owned and ran on
16 their own behalf, but I believe that -- certainly
17 the way they presented themselves to us was they
18 were a partner to other branded educational and
19 training businesses to effectively provide the
20 live events capability to those businesses, such
21 as -- Robert Allen, I believe, was their real
22 estate brand at the time. I know they had --
23 they probably had five or six other products. I
24 can't recall what they were.

25 **Q. Is BSG still in operation?**

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2 BY MS. ECK:

3 **Q. Do you know who he represents?**

4 A. I don't.

5 **Q. Do you know who Michael Cohen**
6 **represents?**

7 A. I don't.

8 **Q. What's your experience in real**
9 **estate?**

10 A. Beyond buying my primary residence,
11 none.

12 **Q. Have you purchased or sold any other**
13 **real estate other than your primary residence?**

14 A. I have not.

15 **Q. Have you made any money investing in**
16 **real estate?**

17 A. I have not.

18 **Q. Did Trump University conduct any**
19 **surveys to determine the importance to students**
20 **of Donald Trump's involvement in Trump**
21 **University?**

22 A. No.

23 **Q. Did Trump University conduct surveys**
24 **of students other than the evaluation forms that**
25 **were filled out at the end of seminars and**

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2 **surveys compiled?**

3 A. I don't recall specifically, but I
4 believe we used a third-party software, like
5 SurveyMonkey or the like.

6 **Q. Where were the results of the**
7 **surveys kept?**

8 A. By our marketing group.

9 **Q. Would that be Michael Bloom?**

10 A. No, back then it would have been
11 Josef Katz.

12 **Q. Did Trump University alter seminars**
13 **or courses based on the results of these surveys?**

14 A. The surveys helped define the
15 education and training products that we
16 ultimately developed. Your question about
17 altering the seminars and training that we had
18 launched, those -- the information that helped us
19 fine-tune or evolve those really did come from
20 the -- primarily the attendee surveys where
21 attendees had open-ended questions and were
22 allowed to -- or were encouraged to tell us how
23 we could improve and what else we could do
24 differently that they might be interested in.

25 **Q. Did Donald Trump review all the**

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print ads that Trump University distributed?

A. Yes, he did.

Q. Did Donald Trump review all of his blogs that were published on the Trump University website?

A. Yes, I believe he did.

Q. Did Donald Trump review Trump -- Trump University financials?

A. I don't know.

Q. Did you review Trump University financials with Donald Trump?

A. At times.

Q. How frequently?

A. Infrequently.

Q. How many times per year?

A. I couldn't answer that.

Q. Less than four?

A. Yes.

Q. Less than two?

A. I don't know.

Q. When you reviewed financials with Donald Trump, what financial documents would you review?

A. Just a summary document prepared by

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2 the controller.

3 **Q. Who was the controller?**

4 A. For Trump University?

5 **Q. Yes.**

6 A. Steven Matejek.

7 **Q. Did you discuss advertisements with**
8 **Donald Trump?**

9 A. Yes, I did.

10 **Q. How frequently?**

11 A. Any time we had a new ad, we would
12 discuss it.

13 **Q. How often were there new ads**
14 **created?**

15 A. Print ads, fairly frequently. We
16 would typically create a batch at one time and
17 then have three or four approved -- present them
18 to Mr. Trump, get approval on three or four
19 different versions that we would then be able to
20 go out and test over a period of time.

21 **Q. Why did he want to be involved in**
22 **reviewing and approving the advertisements?**

23 MR. SCHNEIDER: Objection.

24 Foundation.

25 THE WITNESS: Mr. Trump

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2 **Is that correct, that the Texas AG**
3 **asked Trump University to suspend all of its**
4 **programs in Texas?**

5 A. I don't recall that request being
6 made. I know we did suspend them all in Texas.

7 **Q. Did Trump University suspend its**
8 **operations in Texas about this time?**

9 A. Well, I know we suspended them
10 specifically because of this inquiry, yes.

11 **Q. Did Trump University ever continue**
12 **operations in Texas, or was that the end of its**
13 **operation in Texas?**

14 A. The timing was right when we're
15 stopping those programs, period. So it was -- it
16 was almost irrelevant. We were stopping the
17 preview programs.

18 MS. ECK: I'd like to mark as
19 Exhibit 13 a civil investigative demand
20 from the Attorney General of Texas. It's
21 Bates Nos. TU61745 through 61750.

22 (Plaintiffs' Exhibit 13, Bates Nos.
23 TU 61745 through 50, 1/6/10 Civil
24 Investigation Demand, marked for
25 identification.)

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2 **Institute?**

3 A. No, I don't believe so.

4 **Q. Steven Goff is referenced by name**
5 **two times. Do you know why they were**
6 **particularly looking into Steven Goff?**

7 A. I don't. I -- he lived in Texas,
8 but I don't know specifically why they were
9 targeting him.

10 **Q. Did the Texas Attorney General's**
11 **office take any action after receiving these**
12 **documents?**

13 A. What kind of action?

14 **Q. Did they take disciplinary action or**
15 **impose a fine?**

16 A. No, the only -- the only action was
17 we filed to do business in the state of Texas
18 late and paid a small amount of back taxes that
19 were due for activities in Texas, and that was
20 the only consequence.

21 **Q. When you were you first contacted by**
22 **the New York Attorney General's office?**

23 A. I don't recall.

24 MS. ECK: I'd like to mark Exhibit
25 No. 14, Subpoena from the New York Attorney

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2 **University offered?**

3 A. That was a home-study course that we
4 developed and offered at -- at launch was our
5 unveil, and then offered it for sale subsequent.
6 The other set of activities was -- we talked
7 yesterday about a set of home-study primarily
8 audio courses that were very specific in scope, a
9 much lower price point that we developed in
10 partnership with Barnes & Noble for distribution
11 through the retail channel.

12 **Q. Who was Meredith McGiver?**

13 A. Meredith McGiver is Donald Trump's
14 writer.

15 **Q. Is she essentially a ghostwriter?**

16 A. She -- she gets billing on his
17 books -- not billing. What's it called? She's
18 listed as an author -- coauthor on the books, but
19 she -- she also I guess for certain things would
20 serve as a ghostwriter.

21 **Q. Did she write some of Donald Trump's**
22 **blogs?**

23 A. Yes, she did.

24 **Q. Would she write the introductions to**
25 **some of Donald Trump's books?**

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2 A. I believe she did.

3 **Q. Did she write anything else in**
4 **regard to Trump University?**

5 A. She did. We had over the years a
6 number of different features. One that sticks in
7 my mind is Q&A with Mr. Trump, Ask Mr. Trump, I
8 believe we called it, where individuals could
9 submit specific questions. And we would
10 select -- select questions periodically and post
11 answers.

12 Certainly Miss McGiver created
13 content for our newsletter and our blog, but, you
14 know, it was fairly collaborative. Mr. Trump was
15 always -- he would come up with often the topic
16 and then ultimately would approve the -- the copy
17 as well.

18 **Q. Did she -- you mentioned the**
19 **question-and-answer section. Did she write**
20 **content for that?**

21 A. She provided us the content. I
22 wasn't part of her process, so I don't know
23 whether she sat with Mr. Trump and came up with
24 it collaboratively. I don't know. When she
25 delivered it to us, it was -- it was approved by

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2 Mr. Trump. I don't know -- we weren't at all
3 part of the creative process.

4 **Q. If you could please look at TU102470**
5 **through 473. It's an e-mail from Roger Schank to**
6 **you dated July 1, 2009.**

7 (Witness peruses document.)

8 **Q. You indicated yesterday that Roger**
9 **Schank was a learning maintenance officer?**

10 A. Chief learning officer.

11 **Q. What does the chief learning officer**
12 **do again?**

13 A. Responsible for instructional
14 design.

15 **Q. What did that mean?**

16 A. The creation of the learning
17 courses.

18 **Q. So was this course structure on this**
19 **e-mail in regard to the e-learning courses?**

20 A. Yes, it was.

21 **Q. Did the e-learning courses continue**
22 **from inception through 2010, or were they**
23 **discontinued at some point?**

24 A. No, they were never discontinued.
25 Well, they weren't discontinued while I was

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2 well.

3 **Q. Was learn from the master or Trump**
4 **the master another advertising theme?**

5 A. For instance, I don't know whether
6 we used any or all of these in real ads. The
7 idea that Donald Trump was an expert in real
8 estate certainly was a consistent theme.

9 **Q. Was learn from the master a**
10 **consistent theme?**

11 A. I would say that would be -- if we
12 thought about -- that would be part of this
13 overarching messaging of Donald Trump's an expert
14 in real estate. If you're going to learn about
15 real estate, why wouldn't you learn from
16 somebody's who actually been out there and done
17 it before, as opposed to, you know, Robert Adder
18 [ph] or some of these other guys that haven't.

19 **Q. Was learn from the master Donald**
20 **Trump a successful or popular advertising theme?**

21 A. I couldn't tell that. I don't know.

22 **Q. Was it tested?**

23 A. Again, I don't know whether -- this
24 looks like a mock-up to a PDF. I don't know
25 whether this -- I don't know whether this ran