DONALD TRUMP’S GREAT, AMAZING, ABSOLUTELY HUGE

ACQUISITION OF VIRGINIA’S BIGGEST VINEYARD

A LOOK AT HOW THE WOULD-BE PRESIDENT REALLY NEGOTIATES

BY MARISA M. KASHINO
Donald Trump had been barnstorming for a month by the time his shiny black helicopter touched down in Charlottesville in mid-July. On the stump, Trump had been bellowing about how tough he would be in negotiations. That is the sort of politician who makes small talk with Chinese leaders, he said, he wasn’t afraid to demand a deal on our terms. By that time, he was through with Mexicans, he insisted, their government would be paying us for the fence along the US border. But now, on a pastoral swatch just a short trip down the road from Thomas Jefferson’s Monticello, Trump was talking about a different kind of negotiation: the one that ended with his getting a steal of a deal on a Virginia bed-and-breakfast.

The occasion wasn’t really a campaign event at all. Rather, it was a ribbon-cutting for the Trump Organization’s latest gilded property—Albemarle House, which is to your typical Old Dominion country inn what Trump is to your typical politically minded plutocrat.

In its day, the 23,000-square-foot mansion was among the largest and most expensive in Virginia, with 45 rooms, a private chapel, and English gardens. But by 2010, the estate was in trouble. That’s when Trump entered the picture. And five years by 2015, the estate was in trouble. That’s the kind of plutocrat.

At first blush, a Virginia country house seems an uncharacteristic purchase for a New Yorker known for his skyscrapers, casinos, and seaside golf courses. But as anyone with cable or a Twitter account knows, Trump likes things that are “amazing” (as in every crowd at every campaign stop), “great” (how America will be again according to Eric Trump, his dad was a big Kluge fan: “John was the wealthiest man in the world.” (Not quite, but in 1989 Forbes did name him richest in America.)

Buying the mansion of America’s wealthiest resident might have been incentive enough for Trump, but the property had more to offer than just his old pal’s imperator. It was also home to an award-winning vineyard, an obvious addition to the Trump family’s portfolio of luxury brands. “Wine is incredibly sexy,” says Eric, who oversees the Charlottesville property. Finally, and not insignificantly, there was its proximity to Washington, where Eric lived as a student before graduating from Georgetown in 2004. While there, he had a job at a private investment firm in Tysons. “If you look at Tysons Corner when I worked there versus today, that place is not even comparable,” he says.

As a Republican candidate, the elder Trump publicly disdains “totally broken” Washington. But as a real-estate mogul, he’s banking on the resilience of the place whose economy is buoyed by the federal government.

Thus in 2009, a year before he grabbed for Albemarle House, Trump bought the former Lowes Island golf club in Sterling. He spent $25 million upgrading it to a Trump National Golf Club, which will host the Senior PGA Championship in 2017. In 2012, he bought out a pack of bidders for Pennsylvania Avenue’s storied Old Post Office, which will be reborn in 2016 as a Trump International Hotel, just blocks from the White House.

“We couldn’t be more bullish on Washington,” says his son. And in their efforts to wrest control of Albemarle House, they showed it.

WELCOME BEFORE TRUMP EVER LAID eyes on it, Albemarle House had a history that fit nicely with the candidate’s roots in the tabloid excess of the go-go ’80s.

John Kluge and his wife Patricia, affamer model 34 years his junior, arrived in Charlottsville in 1985 to raise their son in their just-built neo-Georgian mansion. From the beginning, the Kluges didn’t exactly fit with old-money Virginia horse-country types. They hosted movie stars and European royals at Gats-by-grade parties and bedecked their home in the most opulent decor new money can buy—from hand-engraved brass doorknobs to heavy gold custom drapery. The Kluges gave millions to local causes, but within a few years they also found themselves at the center of a macabre spectacle: Wildlife agents raided the “game preserve” on their grounds where Patricia liked to hunt, uncovering mass graves of hawks, owls—and neighborhood dogs. Three gamekeepers were found guilty of killing the animals, which had been men-acing birds kept on the Kluge property for shooting. At trial, according to a 1989 account in Spy magazine—the great chroni-cal of Trump’s own ’80s misadventures—a neighbor testified that he had once found his dog hanging by the neck on the Kluge land. (The article hypothesized that the estate might be cursed.)

The marriage survived the tabloid mess—throughout it all, the couple main-tained they knew nothing—but not by

The Kluges had to party at the home in the ’80s; Trump made it a B&B. The Donald helped pick out the drapes: “He decides in two seconds.”

Trump used Albemarle Estate’s grand opening in July for some stumping.

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WASHINGTONIAN • NOVEMBER 2015

82

NOVEMBER 2015 • WASHINGTONIAN

83
much. In 1990, John and Patricia divorced. She got to keep Albermarle.

Nine years later, Patricia established Kluge Estate Winery on 960 acres of the estate, with hopes of making top-tier wines. Eagerly, she, she and her new husband, Bill Moses, a former IBM executive, had much success, beating California and French vintages for industry accolades. Meanwhile, the Trumps chose to rent the property when they ramped up production and began work on a related real-estate venture: a gated community of McMansions, each with its own mini-vineyard. To finance the projects, they took out tens of millions in loans, including a $22.8 million Bank of America mortgage on Albermarle House.

Then the economy crashed. In 2009, Patricia put Albermarle on the market for $90 million. Michael Rankin, managing partner of Washington’s TTR Sotheby’s, had the listing. Though he admits “it was really bad timing,” he says a few potential buyers expressed interest in turning the place into “a big family compound.” But even though he backed the price first to $48 million, then $24 million, no takers.

While the house was in limbo, Patricia’s floundering vineyard hit the auction block. But it couldn’t attract a buyer, either, and was repossessed. It wasn’t long before Kluge, desperate to avoid financial ruin, teamed up with an old friend: Donald Trump.

TRUMP’S INITIAL RUN AT ALBERMARLE was a fairly simple one. Eric says his father offered Kluge $15 million for the 217 acres in a trust for his son; Patricia said no. “We surrounded them. Even the road to the house was back up in front of a judge,” Bank of America and the Trumps were conducting backroom negotiations over the sale of Albermarle House. For the final rounds, in September 2012, Eric and his dad were both on the phone, in direct discussions with the banker. “There’s nothing we do in this company that we’re not all involved with,” Eric says. “We’re the largest mom-and-pop in the world.”

With nary another buyer in sight, the Trumps got the bank down to their fire-sale closing price of $6.5 million. Albermarle was theirs.

But a week after the deal, Trump had a new issue to sort out. According to the sale agreement, he was required to make an additional payment of 15 percent. At that point, Hopper said he wanted off the case. So much for friendship. But Trump’s lawyers, either.

In a letter written by Eric, the Trumps instead demanded that the Kluge trust write them a check. The trust, Eric wrote, owed the “Trump Organization general counsel Jason Greenblatt” $5 million for Albermarle House. For the final rounds, in September 2012, Eric and his dad were both on the phone, in direct discussions with the banker. “There’s nothing we do in this company that we’re not all involved with,” Eric says. “We’re the largest mom-and-pop in the world.”

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“Trump’s modus operandi is he doesn’t pay unless he gets sued,” says the trust’s lawyer, Edward McMahon Jr. “If he’d just honored his contract, none of this would’ve been necessary.”

This fight—lawsuit number three against the Trumps relating to Albemarle—was settled quietly within a couple of months, preventing a tabloid field day. “My guess is they decided they’d gotten a little too far up over their skis and decided to rein it back as soon as possible,” says McMahon.

Eric Trump says he maintains “incredible respect” for Patricia Kluge and her family. Bill Moses, Patricia’s husband, declined on his and his wife’s behalf to talk about the drama around their former estate. But he did say this when asked if the settlement was favorable to his stepson’s trust: “Oh, yeah.”

And then he laughed.

THE SCENERY SURROUNDING ALBEMARLE HOUSE doesn’t require any Trump-style exaggeration. It actually is tremendous, phenomenal, and really good.

I visit on a cloudless September day, and the first stop on my tour is the winery’s tasting room. The vineyard is Virginia’s largest in acreage, and some 20,000 cases of Trump Chardonnay, rosé, Viognier, and other varieties ship annually to 26 states and four countries. (Like the property, the wines don’t require any embellishing. Trump can’t take credit for that part, though—he still employs Kluge’s winemaker, Jonathan Wheeler.)

Trump-branded polo shirts and crystal wineglasses line the shelves. My guide, general manager Kerry Woolard, says online sales of the merch have doubled under-and-afters depicting the estate’s $20-million renovation.

When Trump bought the place, it was a wreck. Ornate plaster moldings were marred with water damage, custom wallpaper peeled everywhere, and the whole mansion had been stripped of curtains, light fixtures, and furniture, which Patricia had auctioned to stave off creditors. The living room’s gold drapes are the only originals to the house—not because they didn’t sell but because Donald Trump bought them to hang at Mar-a-Lago. When he landed Albemarle House a couple of years later, the drapes came back home.

Woolard leads me past a curving stairway, plastered with floor-to-ceiling wallpaper designed to look like billowing gold fabric—another relic of 1980s nouveau riche. I ask about it because it’s impossible not to. It’s original to the house, and there was debate, Woolard says, about taking it down. But “Mr. Trump loves it”—and when it comes to decor, Mr. Trump makes the final calls. When outfitting the mansion, Woolard and an interior designer narrowed down window and wall coverings, furniture, and fixtures to three options for Trump to select from. Says Woolard: “He decides in two seconds.”

That is Trump’s gift, and maybe also his curse. Asked to explain how his dad’s dealmaking skills would apply in the White House, Eric offers this: “There’s no one who’s better at cutting through red tape and nonsense than him. It’s not getting deterred by the 4 million pages of due diligence, because that’s what kills a deal.”

Looking back at the battle over Albemarle House, though, it’s also worth noting that sometimes a little due diligence can save you hefty legal fees.

Still, there was undoubtedly some art to the Albemarle deal. But just how much is debatable. Trump’s ability to get what was once a $100-million house, then a $48-million house, and then a $16-million house for “peanuts,” in Eric’s words, was as much a result of the broader economy, not to mention the questionable choices of Patricia Kluge and her lenders. To use terms Candidate Trump employs, it was less like out-negotiating China and more like beating Greece.

OR PERHAPS ALBEMARLE HOUSE really is cursed, as Spy once speculated. Because it looks likely that the Trumps, even after securing control of the place, are in for another fight over it soon.

Two years ago, Eric Trump unveiled the family’s next vision for Albemarle’s front lawn: a PGA-class golf course. The plans immediately drew fierce opposition from the Trumps’ rural neighbors.

Because Patricia Kluge years ago put the land under a conservation easement, the Trumps can’t simply start construction. They’d have to get a state organization in charge of preserving open green space to agree that building a golf course wouldn’t violate the terms of the easement. The Trumps would also have to get county officials to issue a special-use permit allowing them to circumvent zoning restrictions on commercial recreation.

The family started the application for the permit in 2013 but has since let it expire. Which doesn’t mean the locals can breathe easy. “To say that we’re busy is an understatement, and truthfully, we just haven’t been pushing it,” says Eric. “But at the right time, I think [a golf course] would be a great complement to that property.” After all, John Kluge used to have one on the very same lawn.

If Donald Trump decides to push the issue, local NIMBYs are prepared to dig in, and—thanks to Patricia Kluge’s easement—he may very well lose. But that doesn’t mean he won’t make life hard in the interim.

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