

2 Prosecutors Leading N.Y. Trump Inquiry Resign, Clouding Case's Future

The resignations came after the Manhattan district attorney, Alvin Bragg, was said to have expressed doubts about the case.

By William K. Rashbaum, Ben Protess, Jonah E. Bromwich, Kate Christobek and Nate Schweber

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The two prosecutors leading the Manhattan district attorney's investigation into former President Donald J. Trump and his business practices abruptly resigned on Wednesday amid a monthlong pause in their presentation of evidence to a grand jury, according to people with knowledge of the matter.

The unexpected development came not long after the high-stakes inquiry appeared to be gaining momentum and now throws its future into serious doubt.

The prosecutors, Carey R. Dunne and Mark F. Pomerantz, submitted their resignations because the new Manhattan district attorney, Alvin Bragg, indicated to them that he had doubts about moving forward with a case against Mr. Trump, the people said.

Mr. Pomerantz confirmed in a brief interview that he had resigned but declined to elaborate. Mr. Dunne declined to comment.

Without Mr. Bragg's commitment to move forward, the prosecutors late last month postponed a plan to question at least one witness before the grand jury, one of the people said. They have not questioned any witnesses in front of the grand jury for

more than a month, essentially pausing their investigation into whether Mr. Trump inflated the value of his assets to obtain favorable loan terms from banks.

The precise reasons for Mr. Bragg's pullback are unknown, and he has made few public statements about the status of the inquiry since taking office, but the prosecutors had encountered a number of challenges in pursuing Mr. Trump. Notably, they had thus far been unable to persuade any Trump Organization executives to cooperate and turn on Mr. Trump.

In a statement responding to the resignations of the prosecutors, a spokeswoman for Mr. Bragg said that he was "grateful for their service" and that the investigation was ongoing.

Time is running out for this grand jury, whose term is scheduled to expire in April. Prosecutors can ask jurors to vote to extend their term but generally avoid doing so. They also are often reluctant to impanel a new grand jury after an earlier one has heard testimony, because witnesses could make conflicting statements if asked to testify again.

And without Mr. Dunne, a high-ranking veteran of the office who has been closely involved with the inquiry for years, and Mr. Pomerantz, a leading figure in New York legal circles who was enlisted to work on it, the yearslong investigation could peter out.

The resignations mark a reversal after the investigation had recently intensified. Cyrus R. Vance Jr., Mr. Bragg's predecessor, convened the grand jury in the fall, and prosecutors began questioning witnesses before his term concluded at the end of the year. (Mr. Vance did not seek re-election.)

In mid-January, reporters for The New York Times observed significant activity related to the investigation at the Lower Manhattan courthouse where the grand jury meets, with at least two witnesses visiting the building and staying inside for hours.

The witnesses were Mr. Trump's longtime accountant and an expert in the real estate industry, according to people familiar with the appearances, which have not been previously reported. Mr. Dunne and Mr. Pomerantz also made regular appearances at the courthouse.

The burst of activity offered a sign that Mr. Bragg was forging ahead with the grand jury phase of the investigation, a final step before seeking charges.

But in recent weeks, that activity has ceased, and Mr. Dunne and Mr. Pomerantz have been seen only rarely.

Alvin Bragg took office as Manhattan district attorney on Jan. 1. The Trump investigation began under his predecessor, Cyrus R. Vance Jr. Craig Ruttle/Associated Press

The pause coincides with an escalation in the activity of a parallel civil inquiry by the New York state attorney general, Letitia James, whose office is examining some of the same conduct by Mr. Trump and is also participating in the criminal inquiry.

In a statement, a spokeswoman for Ms. James's office said of the criminal inquiry, "The investigation is ongoing, and there is a robust team working on it."

Ms. James, who last week received approval from a judge to question Mr. Trump and two of his adult children under oath, has filed court documents describing a number of ways in which the Trump Organization appeared to have misrepresented the value of its properties.

She concluded that the company had engaged in "fraudulent or misleading" practices, and although she lacks the authority to criminally charge Mr. Trump, she could sue him.

Mr. Bragg's office must meet a higher bar to bring a criminal case. And for his part, Mr. Trump has disputed the notion that he inflated his property values or defrauded his lenders and has accused Mr. Bragg and Ms. James, both Democrats who are Black, of being politically motivated and "racists."

"I've been representing Donald Trump for over a year in this case, and I haven't found any evidence that could lead to a prosecution against him, or any crimes," said a lawyer for Mr. Trump, Ronald P. Fischetti. "I hope Mr. Bragg will now look again at all the evidence in the case and make a statement that he is discontinuing all investigation of Donald Trump."

As Mr. Bragg's grand jury presentation has come to a halt, another serious criminal inquiry into the former president has been gaining steam. In recent weeks, a judge has approved the convening of a grand jury for an investigation into Mr. Trump's attempts to overturn the results of the 2020 election in Georgia.

Another criminal investigation, in New York's Westchester County, is examining Mr. Trump's financial dealings at one of his company's golf courses.

The Manhattan investigation, which proceeded in fits and starts for years, was the most developed of the three criminal inquiries into Mr. Trump. It resulted in the indictments last summer of the Trump Organization and its long-serving chief financial officer, Allen H. Weisselberg, on separate tax-related charges.

After announcing those charges, the prosecutors zeroed in on a subject that has spurred much debate over the years: Mr. Trump's net worth.

They have questioned whether Mr. Trump defrauded his lenders — sophisticated financial institutions like Deutsche Bank — by routinely inflating the value of his assets, The Times has previously reported.

In particular, the prosecutors have focused on annual financial statements Mr. Trump provided to the lenders, scrutinizing whether he overvalued his various hotels, golf clubs and other properties to score the best possible loan terms.

Mr. Trump's accounting firm, Mazars USA, compiled the statements based on information provided by the Trump Organization, leading the prosecutors to question whether the company had given its accountants bogus data.

Early this month, Mazars notified the Trump Organization that it would no longer serve as its accountant and that it could no longer stand behind a decade of Mr. Trump's financial statements.

Mazars said it had not, "as a whole," found material discrepancies between the information the Trump Organization provided and the true value of Mr. Trump's assets.

But given what it called "the totality of circumstances" — including its internal investigation and Ms. James's court papers — Mazars instructed the company to notify anyone who had received the statements that they "should not be relied upon."

Even with the retraction from Mazars, a criminal case would likely be difficult to prove. The documents, known as statements of financial condition, contain a number of disclaimers, including acknowledgments that Mr. Trump's accountants had neither audited nor authenticated his claims.

And the prosecutors would have to show that Mr. Trump's penchant for hyperbole crossed the line into criminality, a tall order when it comes to something as subjective as property values. A case like this might hinge on the testimony of a

Trump insider, but the prosecutors have not persuaded Mr. Weisselberg to cooperate with the investigation, depriving them of the type of insider witness whose testimony can be crucial to complicated white-collar criminal trials.

Another challenge is that Mr. Trump's lenders might not appear to a jury to be sympathetic victims. The lenders, which made millions of dollars in interest from Mr. Trump, conducted their own assessments of his assets.

Still, the prosecutors had been moving forward.

In the fall, Mr. Vance convened what is known as a special grand jury, a panel of 23 Manhattan residents, chosen at random, to hear complex cases like the one involving Mr. Trump. Over the course of months, the jurors were expected to meet to hear testimony from witnesses and examine other evidence put forward by the prosecutors.

Special grand juries last six months, and at the end of these presentations, prosecutors typically direct the jurors to vote on whether there is "reasonable cause" to believe that the person could be guilty. While it is not a foregone conclusion that a grand jury will indict the target of an investigation, such panels routinely vote to bring the charges that prosecutors seek.

Late last year, the grand jury heard testimony from Mr. Trump's accountant at Mazars about Mr. Trump's annual financial statements, The Times previously reported. Soon after, the prosecutors questioned two editors for Forbes Magazine, which has estimated Mr. Trump's net worth over the years for its billionaires list.

The accountant testified again last month, people with knowledge of the appearance said.

A day later, the prosecutors questioned a real estate expert who specializes in property valuation, according to people with knowledge of that appearance. The witness works for the consulting firm FTI, which the district attorney's office hired in 2020 to help analyze Mr. Trump's financial documents.

In the days after this testimony, the prosecutors lined up at least one other witness to appear before the grand jury. But late last month, they postponed the testimony, according to one of the people with knowledge of the matter.

Both the Manhattan district attorney and the New York attorney general have been investigating whether Mr. Trump and his company inflated the value of their properties to obtain favorable loan terms. Spencer Platt/Getty Images

If Mr. Bragg ultimately closes the investigation, he could face political fallout in Manhattan, where Mr. Trump is generally loathed. And the district attorney has already had a rocky start to his tenure, after a memo he released outlining policies for the office was met with furious pushback from local officials, small businesses and the public.

Mr. Bragg — who was sworn in on Jan. 1 — is a former federal prosecutor and veteran of the New York State attorney general's office, where he oversaw civil litigation against Mr. Trump and his administration under Ms. James's predecessor.

He cited those cases often while running for district attorney in part to indicate his experience with high-profile litigation, saying that he had sued Mr. Trump more than 100 times.

The district attorney's criminal investigation into Mr. Trump began in the summer of 2018 under Mr. Vance, who initially looked into the Trump Organization's role in paying hush money to a pornographic actress who said she had an affair with Mr. Trump.

The inquiry grew out of a federal case against Mr. Trump's former fixer, Michael D. Cohen, who pleaded guilty to arranging the hush money and said he did so at the direction of Mr. Trump.

The focus of the investigation shifted after Mr. Vance, in 2019, subpoenaed Mazars for copies of Mr. Trump's tax returns. Mr. Trump sued to block the subpoena, sparking a bitter 18-month legal battle that saw the former president take the case to the United States Supreme Court, where he lost twice.

Mr. Dunne, who served as Mr. Vance's general counsel and stayed on to help Mr. Bragg with the Trump investigation, argued the case before the Supreme Court. And around the time that the prosecutors received Mr. Trump's tax documents, Mr. Vance recruited Mr. Pomerantz, a prominent former prosecutor and defense lawyer, to help lead the investigation.

The prosecutors turned their attention to Mr. Weisselberg, pressuring him to cooperate. But he refused, and in July, they announced an indictment against him and the Trump Organization.

The indictment accused Mr. Weisselberg and the company of a 15-year scheme to pay for luxury perks for certain executives, like free apartments and leased Mercedes-Benzenes, off the books.

Mr. Weisselberg pleaded not guilty, and his lawyers filed court papers this week seeking to dismiss the charges. A judge has tentatively scheduled a trial for late summer.

Susan C. Beachy contributed research.

William K. Rashbaum is a senior writer on the Metro desk, where he covers political and municipal corruption, courts, terrorism and law enforcement. He was a part of the team awarded the 2009 Pulitzer Prize for Breaking News. More about William K. Rashbaum

Ben Protess is an investigative reporter covering the federal government, law enforcement and various criminal investigations into former President Trump and his allies. More about Ben Protess

Jonah E. Bromwich covers criminal justice in New York, with a focus on the Manhattan district attorney's office, state criminal courts in Manhattan and New York City's jails.

During his time on Metro, Mr. Bromwich has covered investigations into former president Donald J. Trump and his family business, the fall of New York Governor Andrew M. Cuomo and the crisis at the jail complex on Rikers Island, among other topics. More about Jonah E. Bromwich

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