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JARED KUSHNER'S CONFLICTS OF INTEREST REACH A CRISIS POINT



By John Cassidy March 2, 2018



Not only has Kushner's presence in the White House made a mockery of federal guidelines designed to prevent nepotism and conflicts of interest, it has also raised national-security concerns.

Photograph by Drew Angerer / Getty

It was only a matter of time before Jared Kushner's conflicts of interest reëmerged as an issue. In January of last year, he resigned as head of his family's real-estate firm, Kushner Companies, and partially divested himself of some of its assets, including his stake in 666 Fifth Avenue, an aluminum-clad midtown office building.

As I noted at the time, Kushner's divestment was of a very limited and Trumpian form. Rather than selling off his assets to the highest bidder, or setting up a blind trust and hiring an outside expert to manage it, he merely transferred the ownership of some of his assets to his brother and to a trust overseen by his mother. It wasn't immediately clear what Kushner had held onto, but it turned out to be substantial. The *Times* reported on Thursday that "he retained the vast majority of his interest in Kushner Companies. His real estate holdings and other investments are worth as much as \$761 million, according to government ethics filings."

Kushner, who, unlike his father-in-law, can be prosecuted for violating federal conflict-of-interest laws, also promised to recuse himself from any government matters related, directly or indirectly, to his financial interests. It turns out that this recusal was also conveniently limited. Thanks to that same report in the *Times*, we know that it didn't prevent Kushner from taking meetings at the White House with top executives from two financial firms—Citigroup and Apollo Commercial Real Estate Finance—that lent more than half a billion dollars to two Kushner family ventures in which, according to federal filings, he still owns a direct stake. One is a skyscraper in Chicago and the other is a collection of office buildings in Brooklyn.

Kushner's personal lawyer, Kushner Companies, and the two firms all insisted to the *Times* that nothing untoward had taken place. They are asking us to believe that the meetings at the White House were not connected to the loans, which were extended during the normal course of business, with Kushner playing no role in soliciting or negotiating the deals. "Stories like these attempt to make insinuating connections that do not exist to disparage the financial institutions and companies involved," a spokesperson for Kushner Companies told the *Times*.

Actually, it is primarily Kushner's behavior and position that have been called into question. Even if he didn't discuss any personal business with Joshua Harris, one of the founders of Apollo's parent company, or with Michael Corbat, Citigroup's chief executive, it's hard to believe that he was unaware of the huge amounts of credit being extended to his family's real-estate empire and its business partners by their firms. In most Administrations, senior officials routinely do due-diligence checks before meeting with individuals representing industrial or financial interests. Kushner appears to have blithely ignored this custom, just as, earlier, he failed to fulfill the requirement that people seeking security clearance complete official forms assiduously.

The issue goes well beyond casual oversights. Not only has Kushner's presence in the White House made a mockery of federal guidelines designed to prevent nepotism and conflicts of interest, it has also raised national-security concerns. Many foreign governments view him not merely as a privileged son-in-law who lucked into the role of senior Presidential adviser but as a privileged son-in-law who lucked into the role of senior Presidential adviser and is desperate to raise large sums of money. In other words, he's an easy target.

Kushner Companies co-owns 666 Fifth Avenue with another developer,

Vornado Realty. In 2007, at Jared Kushner's urging, the company paid \$1.8 billion for the building—at the time, the highest price ever paid for a New York office tower. The property occupies a prime spot between Fifty-second and Fifty-third streets, but it was built in 1957 and needed extensive upgrades. It still has many vacancies, and the \$1.2 billion mortgage, which reportedly has ballooned to almost \$1.5 billion, is due in February, 2019. Right now, it is not entirely clear whether Kushner Companies is in a position to repay or refinance the loan. “The company hoped to knock the building down and put up another, twice as tall and far more luxurious, in its place,” *Bloomberg* reported earlier this week. “It sought funds from investors in Saudi Arabia, Qatar, China, South Korea, Israel and France. No investors were announced for the plan, described by many as prohibitively expensive.”

There is irony aplenty here. Kushner doesn't look or speak or act like his father-in-law: to all public appearances, he is Trump's antithesis. But much like Trump did in the late nineteen-eighties, Kushner overpaid for a trophy property, borrowing heavily, and subsequently encountered serious financial challenges that became public. On Wednesday, the *Washington Post* reported that U.S. intelligence agencies have learned that officials in at least four foreign countries—the United Arab Emirates, China, Israel, and Mexico—have been discussing ways of exploiting Kushner's “complex business arrangements, financial difficulties and lack of foreign policy experience.” An official familiar with the intelligence told the *Post*, “Every country will seek to find their point of leverage.”

The report also said that Kushner's extensive dealings with foreign officials have raised concerns among some people in the White House and “are a reason he has been unable to obtain a permanent security clearance.” Last week, John Kelly, the White House chief of staff, downgraded Kushner's security clearance

from top secret to a lower level that would prevent him from gaining access to many classified documents, such as the President's daily intelligence briefing.

After observing Kushner being hit with a security-clearance downgrade and the damaging back-to-back stories in the *Post* and the *Times*, many political observers are now questioning his future in the White House. On Thursday, Sarah Huckabee Sanders, the White House press secretary, said, "Jared is still a valued member of the Administration," and added that he "will continue in his current role."

It wasn't the most ringing endorsement, and there is some speculation that Kushner and his wife, Ivanka, are, like Hope Hicks, on their way out. Whether or not that will happen, who can say? But it certainly should. Having one cash-needy real-estate developer in the White House was always going to present big problems. Having two of them has turned out to be an outrage.



John Cassidy has been a staff writer at The New Yorker since 1995. He also writes a column about politics, economics, and more for [newyorker.com](#). [Read more »](#)

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