

TRUMP HOTELS & CASINO RESORTS INC
Form 11-K
May 20, 2002

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 11-K
ANNUAL REPORT

Pursuant to Section 15 (d)
of the Securities Exchange Act of 1934
for the year ended December 31, 2001

TRUMP CAPITAL ACCUMULATION PLAN
(Full title of the Plan)

TRUMP HOTELS AND CASINO RESORTS, INC.
(Name of Issuer of the securities held pursuant to the Plan)

1000 Boardwalk
Atlantic City, New Jersey 08401
(Address of principal executive office)

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TRUMP CAPITAL ACCUMULATION PLAN

FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2001 AND 2000
TOGETHER WITH AUDITORS' REPORT

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Benefits Committee of the
Trump Capital Accumulation Plan:

We have audited the accompanying statements of net assets available for Plan benefits of the Trump Capital Accumulation Plan (the "Plan") as of December 31, 2001 and 2000, and the related statement of changes in net assets available for Plan benefits for the year ended December 31, 2001. These financial statements and the schedule referred to below are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for Plan benefits as of December 31, 2001 and 2000, and the changes in its net assets available for Plan benefits for the year ended December 31, 2001, in conformity with accounting principles generally accepted in the United States.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets (held at end of year) is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

ARTHUR ANDERSEN LLP

Roseland, New Jersey
May 1, 2002

TRUMP CAPITAL ACCUMULATION PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR PLAN BENEFITS
AS OF DECEMBER 31, 2001 AND 2000

2001 2000

ASSETS:

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| | | |
|------------------------------|---------------|---------------|
| Investments, at market value | \$117,869,540 | \$113,985,298 |
| | ----- | ----- |
| RECEIVABLES: | | |
| Participant contributions | 336,557 | 454,751 |
| Employer contributions | 80,608 | - |
| | ----- | ----- |
| Total receivables | 417,165 | 454,751 |
| | ----- | ----- |
| OTHER | | |
| Net assets available for | 121,058 | 15,463 |
| | ----- | ----- |
| Plan benefits | \$118,407,763 | \$114,455,512 |
| | ===== | ===== |

The accompanying notes to financial statements are an integral part of these statements.

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TRUMP CAPITAL ACCUMULATION PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS
FOR THE YEAR ENDED DECEMBER 31, 2001

ADDITIONS:

| | | |
|--|--|--------------|
| Additions to net assets attributed to- | | |
| Investment income- | | |
| Interest income | | \$ 1,035,367 |
| Dividend income | | 4,149,226 |
| | | ----- |
| | | 5,184,593 |
| | | ----- |
| Contributions- | | |
| Participant | | 11,292,351 |
| Employer, net of forfeitures | | 3,314,680 |
| Rollover | | 97,479 |
| Transfers from related plans | | 7,725,439 |
| | | ----- |
| | | 22,429,949 |
| | | ----- |
| Total additions | | 27,614,542 |
| | | ----- |

Deductions-

| | | |
|---|--|------------|
| Deductions from net assets attributed to- | | |
| Net depreciation in fair value of investments | | 15,471,851 |
| Benefits paid to participants | | 8,189,644 |
| Administrative expenses | | 796 |
| | | ----- |
| Total deductions | | 23,662,291 |
| | | ----- |
| Net increase | | 3,952,251 |

NET ASSETS AVAILABLE FOR PLAN BENEFITS:

| | | |
|-------------------|--|-------------|
| Beginning of year | | 114,455,512 |
|-------------------|--|-------------|

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End of year

\$118,407,763
=====

The accompanying notes to financial statements are an integral part of this statement.

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TRUMP CAPITAL ACCUMULATION PLAN

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2001 AND 2000

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements of the Trump Capital Accumulation Plan (the "Plan") have been prepared on the accrual basis of accounting.

Plan Expenses

Expenses related to the administration of the Plan have been paid by Trump Taj Mahal Associates (the "Plan Sponsor") and Trump Castle Associates (collectively the "Companies"). The Companies pay all administrative expenses of the Plan, except for the administrative costs of mutual funds and loan processing fees. The Companies costs represent trustee fees and professional services and amounted to approximately \$25,000 in 2001.

Investments

The investments included in the statements of net assets available for Plan benefits are stated at market value. Market value is the unit valuation of the security at the Plan year-end as determined by Merrill Lynch Trust Company ("Merrill Lynch"), the trustee of the Plan (the "Trustee"). Accounting records are maintained on the accrual basis, investment transactions are recorded on the trade date basis and gains and losses are calculated based upon an aggregate participant cost that is maintained on an average unit cost basis.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amount of net assets and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Risks and Uncertainties

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The Plan provides for various investment options in investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term could materially affect participant's account balances and the amounts reported in the statements of net assets available for Plan benefits and the statement of changes in net assets available for Plan benefits.

2. PLAN DESCRIPTION

The following description of the Plan provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

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TRUMP CAPITAL ACCUMULATION PLAN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2001 AND 2000

General

The Plan is a 401(k) Savings Plan, which was established by the Plan Sponsor and became effective on January 1, 1989. All full or part-time non-union employees become eligible for participation in the Plan on the enrollment date immediately following the completion of 12 months of service and the attainment of age 18. In addition, union employees covered by a collective bargaining agreement that provides for participation in the Plan may enroll upon meeting the same requirements as non-union employees.

The Plan is administered by a committee appointed by the Plan Sponsor (the "Plan Administrator"). Merrill Lynch Trust Company was appointed as the trustee of the Plan by the Plan Administrator.

Contributions

Participants

Non-highly compensated participants, as defined, are eligible to voluntarily contribute to the Plan up to 20% of their annual compensation, as defined. Highly compensated participants, as defined, are eligible to voluntarily contribute to the Plan up to 7% of their annual compensation, as defined. Tax deferred contributions are subject to a limit by the Internal Revenue Code. The 2001 limit was \$10,500 per participant. Contributions to the Plan are invested by the Trustee, as designated by the participant, in increments of 5%.

Companies

The Companies contribute to the Plan 50% of each participant's contributions, not to exceed 3% of the participant's annual compensation, as defined. Company contributions are allocated between funds as determined by the employee.

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Participant Rollovers

The Plan permits eligible participants, as defined, to rollover cash or other property acceptable to the Plan Administrator from another qualified plan in addition to qualified voluntary participant contributions.

Distributions to Participants

Each participant has a fully vested interest in the amount of his or her contributions together with the allocable Plan earnings. Contributions from the Companies vest based on the vesting schedule described below. The full value of the participant's vested interest in his or her account in the Plan will be distributed upon termination of the participant's employment. The normal form of payment is by lump sum; however, if a participant's vested benefit from all contributions exceeds \$5,000, a participant has the right to receive payment in equal periodic monthly, quarterly, semi-annual or annual installments over a period not to exceed ten years.

A participant may also withdraw all or part of his or her account upon attainment of age 59-1/2 or financial hardship, as defined in the Plan.

Upon termination of employment prior to eligibility for retirement, a participant is eligible to receive the vested balance in his or her account. There were no payments due to participants who have requested to withdraw their funds prior to December 31, 2001 or 2000.

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TRUMP CAPITAL ACCUMULATION PLAN

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2001 AND 2000

Vesting

Voluntary contributions are fully vested at all times and are not subject to forfeiture.

The Companies contributions vest based upon the participant's years of continuous service as follows-

| Years of Continuous Service | Percentage Vested |
|-----------------------------|-------------------|
| ----- | ----- |
| Less than two years | 0% |
| Two years | 25% |
| Three years | 50% |
| Four years | 75% |
| Five years or more | 100% |

Forfeitures

The portion of a former participant's account which is not distributed because of the vesting provision will reduce the amount of the Companies future

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contributions. During 2001, \$120,418 was used to reduce Company contributions. As of December 31, 2001 and 2000, \$14,324 and \$928 were available to reduce future Company contributions, respectively.

Loans

The Plan permits participants to borrow from their accounts at terms established by the Plan Administrator. Participants may borrow up to the lesser of \$50,000 or 50% of their vested account balance for specific reasons, as defined by the Plan. Each loan is secured by the borrower's vested interest in the Plan and is subject to other requirements, as defined. Interest on loans is charged at a rate that is comparable to similar loans made by commercial lenders. Loans outstanding as of December 31, 2001 had interest rates ranging from 6.00% to 10.50%. Loan repayment terms range up to five years (fifteen years if the loan was used to purchase a primary residence). A small administrative fee is required to process all loans.

3. INVESTMENTS

The fair value of individual investments that represent 5% or more of the Plan's net assets are as follows-

| | December 31, | |
|---|---------------|--------------|
| | 2001 | 2000 |
| Merrill Lynch Pacific Fund | \$ 5,623,680* | \$ 6,870,649 |
| Merrill Lynch U.S. Government Mortgage Fund | 5,849,816 | 5,051,534** |
| Merrill Lynch Balanced Capital Fund | 10,732,646 | 11,534,368 |
| Merrill Lynch Basic Value Fund | 16,015,221 | 16,641,993 |
| Davis New York Venture Fund | 9,591,007 | 8,214,433 |
| Merrill Lynch Ready Assets Trust Fund | 11,728,217 | 10,581,412 |

* Fund does not represent 5% or more of Plan net assets as of December 31, 2001.

** Fund does not represent 5% or more of Plan net assets as of December 31, 2000.

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TRUMP CAPITAL ACCUMULATION PLAN

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2001 AND 2000

During 2001, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) depreciated in value by \$15,471,851 as follows-

| | |
|--------------|----------------|
| Mutual Funds | \$(14,542,515) |
| Common Stock | (929,336) |
| | \$(15,471,851) |

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4. TAX STATUS

The Plan obtained its latest determination letter on February 18, 2000, which covered all amendments through December 31, 1999, in which the Internal Revenue Service stated that the Plan, as then designed, was in compliance with the applicable requirements of the Internal Revenue Code.

5. PLAN TERMINATION

While the Plan Sponsor has not expressed any intent to terminate the Plan, the Plan Sponsor may do so at any time subject to the provisions of the Employee Retirement Income Security Act of 1974. In the event of termination, each participant is entitled to the value in his or her separate account.

6. RELATED PARTY
TRANSACTIONS

Certain Plan investments are shares of mutual funds managed by Merrill Lynch. Merrill Lynch is the Trustee as defined by the Plan and, therefore, these transactions qualify as party-in-interest.

Certain Plan investments include shares of Trump Hotels and Casino Resorts, Inc. common stock ("Common Stock") and, therefore, these transactions qualify as party-in-interest. As of December 31, 2001 and 2000, the Plan holds Common Stock with a market value of \$1,352,254 and \$1,618,656, respectively. During the year ended December 31, 2001, Common Stock was acquired at a cost of \$1,390,107; and Common Stock was sold with an original cost basis of \$1,042,240.

The Plan Sponsor has sister companies that also sponsor a similar Savings Plan. During 2001, net transfers from related plans amounted to \$7,725,439.

7. SUBSEQUENT EVENTS

On January 1, 2002, the Plan received all of the assets of the Trump Savings Plan, a Plan Sponsored by a sister company of the Plan Sponsor.

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TRUMP CAPITAL ACCUMULATION PLAN

SCHEDULE I

SCHEDULE OF ASSETS (HELD AT END OF YEAR)
AS OF DECEMBER 31, 2001
EMPLOYER IDENTIFICATION #22-3136368, PLAN NUMBER 001

| (a) | (b) Identity of issue, borrower, lessor or similar party | c) Description of investment including maturity date, rate of interest, collateral, par or maturity value |
|-----|--|---|
| * | Merrill Lynch | Pacific Fund, Overseas Equity Securities, 337,353 units of participation |

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| | | |
|---|-------------------------|--|
| * | Merrill Lynch | U.S. Government Mortgage Fund, U. S. Government Agencies, 589,696 units of participation |
| * | Merrill Lynch | Balanced Capital Fund, Equity Securities, 401,521 units of participation |
| * | Merrill Lynch | Basic Value Fund, Equity and Debt Securities, 546,968 units of participation |
| * | Merrill Lynch | Fundamental Growth Fund, Equity Securities, 215,398 units of participation |
| * | Merrill Lynch | Global Allocation Fund, U. S. and Foreign Equity and Debt Securities, 178,830 units of participation |
| | Templeton Funds, Inc. | Templeton Foreign Fund, Foreign Equity and Debt Securities, 143,940 units of participation |
| | MFS Funds | MFS Emerging Growth Fund, Equity Securities, 109,522 units of participation |
| | Davis Funds, Inc. | Davis New York Venture Fund, Foreign Equity Securities, 377,153 units of participation |
| | Delaware Group | Delaware Trend Fund, Equity Securities, 270,585 units of participation |
| | Pimco | Total Return Fund, Equity and Debt Securities, 132,719 units of participation |
| * | Merrill Lynch | Equity Index Trust Fund, Equity Securities, 32,311 units of participation |
| | Federated | High Income Bond Fund, Equity and Debt Securities, 16,314 units of participation |
| | MFS Funds | Utilities Fund, Equity and Debt Securities, 57,966 units of participation |
| | Massachusetts Investors | Growth Fund, Equity and Debt Securities, 155,239 units of participation |
| | Massachusetts Investors | Trust Fund, Equity Securities, 73,113 units of participation |
| * | Merrill Lynch | Healthcare Fund, Equity Securities, 252,714 units of participation |
| | Alliance | Premier Growth Fund, Equity Securities, 74,753 units of participation |
| | Seligman | Communications Fund, Equity Securities, 169,326 units of participation |
| | Davis Funds, Inc. | Davis Series Financial Fund, Equity Securities, 15,910 units of participation |

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(Continued)

SCHEDULE OF ASSETS (HELD AT END OF YEAR)
AS OF DECEMBER 31, 2001
EMPLOYER IDENTIFICATION #22-3136368, PLAN NUMBER 001

| (a) | (b) Identity of issue, borrower, lessor or similar party | (c) Description of investment including maturity date, rate of interest, collateral, par or maturity value |
|-----|--|--|
| | Pioneer | Growth Shares Fund, Equity Securities, 45,432 units of participation |
| * | Merrill Lynch | Eurofund Fund, Equity Securities, 17,179 units of participati |
| | Pimco | Innovation Fund, Equity Securities, 86,619 units of participa |
| | Munder | Net Net Fund, Equity Securities, 67,222 units of participatio |
| | Van Kampen | Emerging Growth Fund, Equity Securities, 51,382 units of participation |
| | ING Pilgrim | Small Cap Opportunities Fund, Equity Securities, 19,103 units of participation |
| | Oppenheimer | International Growth Fund, Equity Securities, 11,639 units of participation |
| | Oppenheimer | Global Growth & Income Fund, Equity and Debt Securities, 20,503 units of participation |
| | Total investment in mutual funds | |
| * | Trump Hotels & Casino Resorts, Inc. | Trump Hotels & Casino Resorts, Inc. Common Stock, 1,175,873 shares |
| * | Merrill Lynch | Retirement Preservation Trust Fund, Money Market Funds, 5,170 units of participation |
| * | Merrill Lynch | Ready Assets Trust Fund, Money Market Funds, 11,728,217 units of participation |
| | Total investment in money market funds | |
| | Participants' Loans | Interest rates ranging from 6.00% to 10.50% and maturities ra from 2002 through 2016 |

*Denotes party-in-interest

The accompanying notes to financial statements are an integral part of this schedule.

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation of our report included in this Form 11-K into the Trump Hotels & Casino Resorts, Inc. previously filed Form S-8 Registration Statement No.333-2201.

ARTHUR ANDERSEN LLP

Roseland, New Jersey
May 15, 2002