



# Judge imposes \$364 million penalty in Trump's New York civil fraud case

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NEW YORK (AP) — A New York judge ordered Donald Trump and his companies on Friday to pay \$355 million in penalties, finding they engaged in a **yearslong scheme to dupe banks** and others with financial statements that inflated his wealth.

Trump won't have to pay out the money immediately as an appeals process plays out, but the verdict still is a stunning setback for the former president.

If he's ultimately forced to pay, the magnitude of the penalty, on top of earlier judgments, could dramatically diminish his financial resources. And it undermines the image of a successful businessman that he's carefully tailored to power his unlikely rise from a reality television star to a onetime — and perhaps future — president.

Judge Arthur Engoron concluded that Trump and his company were “likely to continue their fraudulent ways” without the financial penalties and other controls he imposed. Engoron concluded that Trump and his co-defendants “failed to accept responsibility” and that experts who testified on his behalf “simply denied reality.”

“This is a venial sin, not a mortal sin,” Engoron, a Democrat, wrote in a searing 92-page opinion. “They did not rob a bank at gunpoint. Donald Trump is not Bernard Madoff. Yet, defendants are incapable of admitting the error of their ways.”

He said their “complete lack of contrition and remorse borders on pathological” and “the frauds found here leap off the page and shock the conscience.”

Trump, who built his reputation as a real estate titan, also was barred from serving as an officer or director of any New York corporation for three years or from getting a loan from banks registered in his native state.

His eldest sons, Trump Organization Executive Vice Presidents Donald Trump Jr. and Eric Trump, each were ordered to pay \$4 million and barred from being officers of New York companies for two years. Former chief financial officer Allen Weisselberg was ordered to pay \$1 million.

Trump called the verdict a “Complete and Total sham.” He wrote on his Truth Social platform that New York Attorney General Letitia James “has been obsessed with ‘Getting Trump’ for years” and that Engoron’s decision was “an illegal, unAmerican judgment against me, my family, and my tremendous business.”

The total \$364 million verdict — which James’ office said grows to \$450 million, adding interest — keeps the Trump Organization in business. The judge backed away from an earlier ruling that would have dissolved the former president’s companies. But if upheld, the verdict will force a shakeup at the top of the company.

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In a statement, James said “justice has been served” and called the ruling “a tremendous victory for this state, this nation, and for everyone who believes that we all must play by the same rules — even former presidents.”

“Now, Donald Trump is finally facing accountability for his lying, cheating, and staggering fraud. Because no matter how big, rich, or powerful you think you are, no one is above the law,” James said.

Trump’s lawyers vowed to appeal. Attorney Alina Habba called the verdict “manifest injustice” and “the culmination of a multi-year, politically fueled witch hunt.” Trump lawyer Christopher Kise called the outcome “a draconian and unconstitutional fine and a corporate ‘death penalty’” for Trump, his family and his business.

Engoron issued his decision after a 2½-month trial that saw the Republican presidential front-runner bristling under oath that he was the victim of a rigged legal system.

The stiff penalty was a victory for James, a Democrat, who sued Trump over what she said was not just harmless bragging but years of deceptive practices as he built the multinational collection of skyscrapers, golf courses and other properties that catapulted him to wealth, fame and the White House.

James sued Trump in 2022 under a state law that authorizes her to investigate persistent fraud in business dealings.

The suit accused Trump and his co-defendants of routinely puffing up his financial statements to create an illusion his properties were more valuable than they really were. State lawyers said Trump exaggerated his wealth by as much as \$3.6 billion one year.

By making himself seem richer, Trump qualified for better loan terms, saved on interest and was able to complete projects he might otherwise not have finished, state lawyers said.

Even before the trial began, Engoron ruled that James had proven Trump’s financial statements were fraudulent. The judge ordered some of Trump’s companies removed from his control and dissolved. An appeals court put that decision on hold.

In that earlier ruling, the judge found that, among other tricks, Trump’s financial statements had wrongly claimed his Trump Tower penthouse was nearly three times its actual size and overvalued his Mar-a-Lago estate in Palm Beach, Florida, based on the idea that the property could be developed for residential use, even though he had surrendered rights to develop it for any uses but a club.

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Trump, one of 40 witnesses to testify at the trial, said his financial statements actually understated his net worth and that banks did their own research and were happy with his business.

“There was no victim. There was no anything,” Trump testified in November.

During the trial, Trump called the judge “extremely hostile” and the attorney general “a political hack.” In a six-minute diatribe during closing arguments in January, Trump proclaimed “I am an innocent man” and called the case a “fraud on me.”

Trump and his lawyers have said the outside accountants that helped prepare the statements should’ve flagged any discrepancies and that the documents came with disclaimers that shielded him from liability. They also argued that some of the allegations were barred by the statute of limitations.

The suit is one of many legal headaches for Trump as he campaigns for a return to the White House. He has been indicted four times in the last year — accused in Georgia and Washington, D.C., of plotting to overturn his 2020 election loss to Democrat Joe Biden, in Florida of

hoarding classified documents, and in Manhattan of falsifying business records related to hush money paid to porn actor Stormy Daniels on his behalf.

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On Thursday, a judge confirmed Trump's hush-money trial will start on March 25 and a judge in Atlanta heard arguments on whether to remove Fulton County District Attorney Fani Willis from his Georgia election interference case because she had a personal relationship with a special prosecutor she hired.

Those criminal accusations haven't appeared to undermine his march toward the Republican presidential nomination, but civil litigation has threatened him financially.

On Jan. 26, a jury ordered Trump to pay \$83.3 million to writer E. Jean Carroll for defaming her after she accused him in 2019 of sexually assaulting her in a Manhattan department store in the 1990s. That's on top of the \$5 million a jury awarded Carroll in a related trial last year.

In 2022, the Trump Organization was convicted of tax fraud and fined \$1.6 million in an unrelated criminal case for helping executives dodge taxes on extravagant perks such as Manhattan apartments and luxury cars.

James had asked the judge to impose a penalty of at least \$370 million.

Engoron decided the case because neither side sought a jury and state law doesn't allow for juries for this type of lawsuit.

Because it was civil, not criminal, the case did not carry the potential of prison time.

James, who campaigned for office as a Trump critic and watchdog, started scrutinizing his business practices in March 2019 after his former personal lawyer Michael Cohen testified to Congress that Trump exaggerated his wealth on financial statements provided to Deutsche Bank while trying to obtain financing to buy the NFL's Buffalo Bills.

James' office previously sued Trump for misusing his own charitable foundation to further his political and business interests. Trump was ordered to pay \$2 million to an array of charities as a fine and the charity, the Trump Foundation, was shut down.

Trump incorporated the Trump Organization in New York in 1981. He still owns it, but he put his assets into a revocable trust and gave up his positions as the company's director, president and chairman when he became president, leaving management of the company to Eric Trump and Donald Trump Jr.

Trump did not return to a stated leadership position upon leaving the White House in 2021, but his sons testified he's been involved in some decision-making.

Engoron had already appointed a monitor, retired federal judge Barbara Jones, to keep an eye on the company.

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