

\$355 million fraud penalty sparks Trump rampage at Michigan campaign rally

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In a major civil judgment on Friday, Manhattan Supreme Court Justice Arthur F. Engoron ordered ex-President Donald Trump, his sons Don Jr. and Eric, and several family businesses to pay \$355 million in penalties for fraudulently inflating Trump's wealth and the value of many of his properties for his personal financial gain.

Justice Engoron made his ruling based on a 2022 lawsuit filed by New York's attorney general, Letitia James, a Democrat. In that suit, James argued that for over a decade the defendants lied on financial statements in order to acquire loans from banks at cheaper rates. Under the law covering the case, the state had to prove to the court that under a "preponderance of the evidence" the defendants engaged in "repeated fraudulent or illegal acts" or "persistent fraud or illegality." James had previously used this law against ExxonMobil, e-cigarette brand Juul and the former pharmaceutical executive Martin Shrkeli, among other cases cited by the *New York Times*.

This is the second significant civil judgment against Trump in the last few weeks. At the end of January, Trump was ordered to pay former magazine columnist E. Jean Carroll \$83.3 million for defaming her after she accused him of sexual assault. Trump had been previously ordered to pay her \$5 million.

James had asked the court to impose \$370 million in penalties. While Engoron went slightly below that, James has since claimed that with interest the \$355 million judgment will turn into \$450 million. When coupled with the previous Carroll judgments, the total fines on Trump and his family businesses come to well over half a billion dollars.

While Trump has already appealed the first Carroll ruling and has pledged to appeal these latest decisions, the Republican presidential front-runner is spending an enormous amount of money on legal fees. According to ABC News, Trump's leadership PAC, the Save America PAC, spent over \$50 million on legal fees alone in 2023.

James' lawsuit targeted the Trump Organization and its top executives and financial officers, including Donald Trump, his sons Don Jr. and Eric, the company's former chief financial officer Allen Weisselberg and the former controller Jeffrey

McConney. Weisselberg was the CFO of the Trump Organization from 2002 until October 2022, the same month he pled guilty to 15 criminal counts of tax fraud and falsification of business records at the Trump organization.

The non-jury trial over James' lawsuit began last October and ended in December, with closing arguments held this past January. In his summary, Justice Engoron noted that in order for Trump to own and control so many valuable properties, "including office buildings, hotels and golf course," he needed to borrow "huge sums of cash" from banks and other lenders. In order to obtain these multi-million-dollar loans at lower interest rates, Trump "submitted blatantly false financial data to the accountants, resulting in fraudulent financial statements."

While Engoron found Trump guilty and imposed severe penalties, he did not go as far as he previously indicated he might. Engoron did not cancel the business certifications for the Trump Organization, allowing the business to continue to operate. However, as part of his ruling, he appointed an independent financial monitor that will oversee the business for three years. The monitor, not Trump or his family members, will be making the day-to-day decisions, with no major decisions taken by the organization without the monitor's oversight.

The judge also ruled that Trump cannot hold an executive position as an officer or director of a New York company for three years; for his sons, it is two years. Furthermore, the Trump Organization is banned from applying for loans for three years.

In reaching his judgment, Engoron wrote that when the defendants and their expert witness were confronted at trial, they "simply denied reality" and "failed to accept responsibility or to impose internal control to prevent future recurrences." In his 92-page decision Engoron summarized the testimony provided by 40 witnesses over 43 days, including assessing their credibility.

Engoron concluded that while ex-President Trump was on the

witness stand, he “rarely responded to the questions asked, and he frequently interjected long, irrelevant speeches on issues far beyond the scope of the trial. His refusal to answer the questions directly, or in some cases, at all, severely compromised his credibility.”

Engoron similarly found portions of the testimony provided by Don Jr. “entirely unbelievable,” while Eric’s credibility was “severely damaged” during testimony.

Turning to former CFO Weisselberg, Engoron wrote his testimony was “intentionally evasive, with large gaps of ‘I don’t remember.’” Weisselberg’s evasive testimony, coupled with previous agreements he signed with the Trump Organization that would nullify four financial payments to him if he cooperated with any entity “adverse” to the Trump Organization, rendered his testimony “highly unreliable,” in the words of Engoron.

“The Trump Organization keeps Weisselberg on a short leash,” Engoron wrote, “and it shows.”

In conclusion, Engoron wrote that there was “overwhelming evidence” that it was the Trump Organization, “not the accountants,” who were not being truthful, and that each of the defendants, “made or participated in making a false statement in the business records of an enterprise, the Trump Organization, with the intent to defraud.”

Engoron wrote, quoting English poet Alexander Pope, “‘To err is human, to forgive is divine.’ Defendants apparently are of a different mind... Their complete lack of contrition and remorse borders on pathological.”

Trump’s lack of “contrition” or “remorse” was on full display in his first campaign rally held after the judgment. Speaking before a few thousand supporters in Waterford Township, a suburb northwest of Detroit, Trump dedicated the first 15 minutes of his 80-minute rally to repeatedly blasting Engoron and James as the “crooked, radical left-wing judge” and “crazed lunatic attorney general.”

Inciting his fascistic followers, Trump claimed that the “judges and prosecutors dealing with me are essentially all the same, different wrappings, tone, manner, but always the same coordinated and overly nasty result. They are nasty. These are Democrats that definitely hate me, they hate you too, I have to tell you.”

Trump went on to attack Fulton County, Georgia Prosecutor Fani Willis and Federal Prosecutor Jack Smith, calling the latter a “deranged” “animal” that goes “too far.”

With Michigan Representatives Lisa McLain (R- 9th District)

and Jack Bergman (R-1st District), in attendance, Trump called on Congress to impeach President Joe Biden for “weaponizing” the Department of Justice against his “political opponents.”

After spending a large portion of the rally complaining about his various legal woes, Trump returned to his main campaign themes, the “stolen election” of 2020, and the “invasion” of America by immigrants. In an attempt to split the working class along racial and ethnic lines, Trump warned that the “invasion of our country will affect our Black population, our Hispanic population, union population and basically people with good high-paying jobs ... union wages will be cut in half or more. And these are the people that Biden is allowing to come in. ... These people are going to work for nothing, you are going to lose your jobs.”

He once again pledged to carry out the largest deportation operation in US history. “We are going to start with the really bad ones first. Hiding in the trees...breaking into your homes after dark. Illegal aliens crawling through your windows...”

Trump made his now invariable fascist appeal, promising to drive out the “globalists” and “cast out the communists” and “Marxists.”

Sending a summons to right-wing and fascist militias to engage in voter intimidation, Trump declared that on November 5, Election Day, “we got to watch Detroit ... they had such horrible abuse ... Red-blooded Michigan patriots ... if we win in Michigan we win the whole ballgame. Don’t let them cheat.”

In reality, voting figures show that Trump actually did slightly better in Detroit in 2020 than he did in 2016. The swing from a narrow 10,000-vote victory in 2016 to a 150,000-vote defeat in 2020 came entirely from shifts among working class and middle class voters living in the suburbs.

In Waterford, for example, where the rally was held, Trump’s margin of victory fell significantly, from 5,211 votes in 2016 to 3,374 votes in 2020. In surrounding Oakland County, the overall Democratic margin doubled from 54,000 in 2016 for Hillary Clinton to 109,000 in 2020 with Biden. Similar figures could be cited throughout the suburbs of Detroit, Flint, Lansing, Grand Rapids and other Michigan cities.



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