



## NY AG Letitia James asks judge to void Trump's \$175M bond in civil fraud case

### Description

**US : New York Attorney General Letitia James is pushing the judge in former President Donald Trump's civil fraud case to void the \$175 million bond that Trump previously posted to appeal his New York civil lawsuit.**

In her 26-page filing obtained by Fox News Digital, James questions whether the insurance company has sufficient funds to back it up.

Trump's bond was posted by California-based Knight Specialty Insurance Company (KSIC), but James argued that the insurer was "not authorized" to write business in New York, stating it is a small insurer that is not authorized to write business in New York and is not regulated by the state's insurance department, had never before written a surety bond in New York or in the prior two years in any other jurisdiction, and has a total [policyholder surplus of](#) just \$138 million.

The company has a total policyholder surplus of just \$138 million, the filing states. According to New York state law, smaller businesses like KSIC are not permitted to expose themselves to liabilities, like a bond, or any potential loss greater than 10 percent of their surplus.

"Based on KSIC's policyholder surplus in its most recent annual financial statement of \$138,441,671, the limitation of loss on any one risk that KSIC is permitted to write is \$13.8 million," the lawyers wrote. "The face amount of the bond exceeds this limitation by \$161.2 million."

James also wrote in the filing that "KSIC is not qualified to act as the surety under this standard because its management has been found by federal authorities to have operated affiliated companies within KSIC's holding company structure in violation of federal law on multiple occasions within the past several years."

“KSIC does not now have an exclusive right to control the account and will not obtain such control unless and until it exercises a right to do so on two days’ notice,” the filing read.

James also wrote that the Court should not rely on KSIC’s financial summary attached to the bond as evidence that KSIC has sufficient capacity to justify writing a \$175 million bond.

“That is because KSIC sends 100% of its retained insurance risk to affiliates in the Cayman Islands, where lax regulations allow KSIC to use this risk transfer to reduce the liabilities it carries on its books in a way that artificially bolsters its surplus, a practice New York regulators have dubbed “shadow insurance” and about which they have sounded the alarm,” the filing read.

For these reasons, James writes that the Court should deny the Motion and require Defendants to post a replacement undertaking within seven days of the Court’s ruling.

In September, Judge Arthur Engoron ruled that Trump and the [Trump Organization](#) had committed fraud while building a real estate empire by deceiving banks, insurers and others by overvaluing his assets and exaggerating his net worth on paperwork used in making deals and securing financing.

The judge also prohibited Donald Trump Jr. and Eric Trump from serving as an officer or director of any New York corporation or legal entity in New York for two years.

The former president has repeatedly slammed the case against him and denied any wrongdoing, calling it a “witch hunt.”

James brought the lawsuit against Trump, accusing Trump and the Trump Organization of fraudulent business practices. James claimed Donald Jr., Ivanka, and Eric, as well as his associates and businesses, committed “numerous acts of fraud and misrepresentation” on their financial statements.

Trump has pleaded not guilty on all counts.

The judge is expected to hold a hearing Monday to discuss the issues raised by the attorney general’s office. The hearing is set to run in conjunction with opening statements in Trump’s New York criminal trial.

**By Stepheny Price**

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