

OpenVoiceNews

Transparent. Unbiased. Yours.

New York Court Reduces Trump Fraud Penalty but Upholds Liability

August 21, 2025

— *Categories: Breaking News*

A New York appeals court on Thursday overturned the \$515 million penalty imposed on former President Donald Trump and his associates in a civil fraud case but upheld other key findings of liability.

The case, originally filed in 2022 by New York Attorney General Letitia James, alleged that Trump and his companies misrepresented their financial statements to secure favorable tax and insurance benefits.

In 2023, New York State Supreme Court Judge Arthur Engoron found Trump, his eldest sons, and a senior executive liable for fraud, ordering nearly \$355 million in penalties. With accrued interest, the total surpassed \$515 million.

The appellate panel, consisting of five judges, agreed to eliminate the monetary penalty but remained divided over the underlying fraud determination and the merits of James' lawsuit.

Two judges concluded that James had sufficient grounds to pursue the case and had successfully demonstrated fraudulent conduct, though they considered the original penalty excessive.

Another judge argued that the attorney general had overstepped her authority, suggesting that if Trump's lenders believed they were misled, they could have initiated lawsuits themselves, which did not occur.

A separate opinion noted that Engoron may have erred by ruling before the trial that Trump had engaged in fraud, a procedural issue that influenced the appeal.

The ruling does not clear Trump of wrongdoing but reduces the financial consequences stemming from the court's decision. Legal experts suggest that the judgment highlights the complexity of civil fraud cases involving high-profile figures, where the severity of penalties can be subject to appellate review.

Trump has faced multiple legal challenges in recent years, but this case remains among the most significant due to its financial scope and the involvement of family members and corporate executives.

Attorney General James has not immediately commented on the appellate decision, though her office previously emphasized that the lawsuit aimed to hold Trump and his associates accountable for misrepresenting financial information.

The appeals court decision underscores the ongoing legal scrutiny of Trump's business practices, while leaving intact the court's findings of liability, ensuring that the case will continue to attract attention as it progresses through the legal system.