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Going once, going twice: How Trump's cash and properties would be garnished and auctioned to pay his NY fraud debt

Laura Italiano Mar 23, 2024, 5:58 AM EDT

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- Main content
- Search
- Account

AG Letitia James plans to go after Trump's cash and property if he doesn't pay his civil fraud debt.

Trump's bank accounts could be garnished and his properties sold at an auction.

One of New York's top judgment enforcement attorneys explains how that process would play out.

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Don't expect to see a gold-plated toilet dragged to the curb outside Trump Tower. Nor will there be padlocks summarily clapped on the glass revolving doors of 40 Wall Street or Trump Plaza.

Donald Trump's March 25 deadline for showing Attorney General Letitia James the money — the now \$457 million civil fraud judgment he owes New York — will likely come and go without any outward signs of tumult.

But if Trump doesn't come up with the cash, bond, bankruptcy, or appellate stay that he needs to stop her, James has promised to immediately begin "enforcement," a process that includes the potential seizing of his bank balances and the sheriff's sale of some of his New York City and upstate New York properties.

And the estimated \$3 billion he's expected to reap six months from now, from taking Truth Social public, may come too late to ward off the auctioneers.

Jump to

- Main content
- Search
- Account

D'Orazio is a veteran Manhattan judgment-enforcement who one city Sheriff's Office insider calls "the best collection New York."

Here is D'Orazio's myth-dispelling, step-by-step guide to what likely happens next.

Trump doesn't have to do a thing

Trump is not legally bound to do anything on March 25, said D'Orazio, principal attorney at [Bernard D'Orazio and Associates](#).

"He's fully within his legal rights to do nothing, and if he fails to pay, he cannot be put in jail," D'Orazio said.

"We don't jail debtors anymore. We only jail them, in rare cases, if they don't comply with court orders and are found in contempt of court," he said.

"But the burden to do anything falls squarely on the winner, meaning the judgment creditor, which is what we call whoever won the lawsuit," he added. "It's their burden to seek enforcement of the judgment."

So it's all up to Letitia James?

It's up to the attorney general to start enforcement, but she will have lots of help from [New York's Civil Practice Law and Rules](#) and the sheriff's offices of New York City and Westchester County. That's where Trump has the bulk of his properties and where D'Orazio expects James would focus her efforts.

Jump to

Main content

Search

Account

then is on Letitia James to find Trump's assets" and decide

wants garnished or auctioned, he said.

the easy part.

After five years of investigating and suing Trump — and regular updates from a court-ordered fraud monitor who's been watching Trump Organization's finances these past 16 months — James knows a lot about the worth and location of the GOP frontrunner's cash and assets, something D'Orazio said will save her a lot of time.

But regardless of whether she decides to target Trump's cash, his real estate, or a combination of both, it would be the county sheriffs who would actually garnish Trump's bank balances and auction his real estate, he said.



Trump posed outside the 55-story Trump Palace, at 69th Street, between Second and Third Avenue, in 1990. AP Photo/Mark Lennihan

- Jump to
- Main content
- Search
- Account

"...school," said D'Orazio. But we're not talking about old-timey movie sheriffs with cowboy hats and stars on their chests, he

...l system comes out of the British system, where ultimately, the enforcement of a civil judgment comes down to the sheriff," he said.

So what happens first?

D'Orazio predicts James would first target the cash that Trump and the Trump Organization keep in New York-registered bank accounts.

"There may be a quick path forward in seeking to freeze his liquid assets," he said.

"That can be done by the Attorney General sending a letter to the banks where his accounts are located. That doesn't put the money in your hand yet," he explained. "It's just the first step in the process."

Once the banks confirm to James that the funds are frozen, she'll then direct the city sheriff's office to "garnish" — meaning take — that money, he said.

"The sheriff sends a legal document called a 'levy' to the banks, demanding that the bank deliver the money to the sheriff," he said.

"The sheriff then takes the money and takes his fee. The sheriff by law is entitled to 5%," he said, money that goes into the city's general fund.

"It's called a 'poundage fee,' and he's entitled to that by law," he said.

Say the sheriff collects \$100 million cash from Trump's bank accounts. He would then remit \$95 million to the Attorney General's Office, and that would go toward paying Trump's judgment.

\$5 million would go into the city coffers, D'Orazio said.

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Main content

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en's the auction?

James probably wouldn't drain Trump's corporate bank accounts entirely, D'Orazio predicted.

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"How's he going to meet payroll?" he said. "I don't think the Attorney General wants to put all the building porters and doormen out of work or close all these businesses.

Instead, she'd need to go after some of his real estate assets to reach her grand judgment total.

James would start by choosing which assets she wants to be sold. She told ABC last month that she already has her eye on 40 Wall Street, AKA "The Trump Building." Trump owns a ground lease with a net value of around \$80 million to that skyscraper, according to Forbes, which James can literally see from the windows of her financial district offices one block north.

Jump to

Main content

Search

Account

...estate assets James pursues could be physical properties, like
...or Trump's penthouse apartment in Trump Tower.

...could also be intangible assets, like his 30% stake in 1290 Avenue
of the Americas, a skyscraper a block north of Radio City Music Hall.

Forbes estimates the net worth of this stake alone at \$287 million.

See the Trump properties James could target here.

James would inform the sheriff's office of her choices. The sheriff's office would then serve Trump with notice that it will be selling the assets.

"This is the ancient process of an execution of sale, a live auction where third parties would attend and bid on the property to be sold," D'Orazio said.

Again, the sheriff's office would collect its 5% poundage fee on any auction sale.

All told, the fee on the sales to cover a \$500 million judgment could top \$25 million, a boon to city coffers that would come straight out of Trump's wallet.

Could they sell his Manhattan penthouse?

Trump's Manhattan triplex penthouse — high atop Trump Tower, his flagship Fifth Avenue skyscraper — would be fair game, said D'Orazio.

Forbes estimates the penthouse is worth \$52 million free and clear.

"That unit is owned by Trump personally and is not mortgaged and is his primary residence," making it a likely target, D'Orazio

Jump to

Main content

Search

Account

his primary residence, the Attorney General would need to get a court order in order to sell it," he said.

"But it's a secondary residence. So the attorney general could try to go after that asset pretty quickly. But pretty quickly means many months."

Many months? Like, almost Election Day?

A lot has to happen before an actual sheriff's sale, and Trump can be counted on to try to throw legal monkey wrenches throughout the process.

"The debtor can slow things down," D'Orazio said.

Trump is already appealing the judgment to a Manhattan appellate court. He's asking that the court reduce the judgment or to stay — meaning delay — its enforcement while the appeal progresses.

But there are additional monkey wrenches Trump can fling.

"There's a safety valve feature in judgment enforcement law," D'Orazio said.

"You can petition the judge for what's known as a protective order, designed to prevent unnecessary harassment or abuse by the judgment creditor," meaning by James, he said.

The civil fraud trial judge, state Supreme Court Justice Arthur Engoron, would likely reject a protective order, but that rejection, too, can be appealed by Trump.

Jump to

Main content

Search

Account

appellate court doesn't hear appeals during the summer," D'Orazio

unless Trump somehow gets on the June calendar, which may

possible, the next time the appellate court could hear the case

would be September."



Former president Trump owns the \$80 million lease for 40 Wall Street Jeff Greenberg

An auction also takes time

Even without these litigation delays, it still takes three or four months to schedule, advertise and then hold an auction, D'Orazio said.

The sheriff's office must publish a notice of the auction in a public newspaper four times before it can be held, he said.

Auctions are only held once a month in each of New York City's five boroughs. James can seek to auction multiple properties at a single auction.

Jump to

Main content

Search

Account

Manhattan properties would be auctioned in Manhattan. could attend, but the logistics could be tricky given that there huge media and public interest once word gets out.

Whenever such a sale happens — if it happens — Trump would get to keep any proceeds that rise above what's needed to satisfy the

judgment.

But, as he himself has complained, the forced sale of his properties would be at "fire sale prices," whether a sheriff does it or if he sells it himself to pay for an appeal bond.

"I would be forced to mortgage or sell Great Assets, perhaps at Fire Sale prices, and if and when I win the Appeal, they would be gone," Trump said in a Truth Social post this week. "Does that make sense?"

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Jump to

- Main content
- Search
- Account



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Search

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