

Confirmed, Undisclosed SEC Investigations

Don't Forget, There's Another Shoe Yet to Drop at AmTrust Financial

Disclosure Insight® reports provide commentary and analysis on public company interactions with investors and with the SEC. They are heavily reliant on our expertise in using the Freedom of Information Act.

Analysis and Opinion: With undisclosed SEC probes recently confirmed at [each](#) of AmTrust Financial Services, National General, and Maiden Holdings, it's well past time for AmTrust Chairman/CEO Barry Zyskind¹ to stop playing his "attack the shorts" game and instead come clean with investors about what's going on with these companies and the SEC. Effectively, irresponsibly we'd say; CEO Zyskind's feints and dodges have raised even higher the shoe that's yet to drop here.

In our experience, anytime a controversial company attacks critics while staying silent on an SEC probe – in this case three of them – the management takes on a distasteful "pack of thieves" feel. That's not good.

We've seen this game before and it usually does not end well. Undisclosed SEC pressure can drag on earnings badly, and for extended periods. If eventual disclosure of SEC woes comes after a period of professing innocence, the negative impact can be even more severe.

Here's a quick run-down of the recent history –

On 11-Apr-2017, the *Wall Street Journal* ran a story, [Secret Recordings Play Role in SEC Probe of Insurer AmTrust](#). Later that same day, [AmTrust issued a press release](#) that gave an array of assurances, said there was no FBI probe, and stayed curiously silent about the SEC.

On Monday morning, 08-May-2017, [Probes Reporter warned of confirmed, undisclosed SEC probes](#) at each of AmTrust Financial Holdings, Inc. (AFSI), National General Holdings, Ltd (NGHC), and Maiden Holdings, Ltd (MHL).

¹ Mr. Zyskind also holds key non-executive roles at Maiden Holdings and National General Holdings Corp.

After the close that same Monday, 08-May-2017, AmTrust released disappointing earnings results but stayed silent on SEC exposure. They are still silent. Chairman/CEO Zyskind also used his conference call to double-down in an attack against critics, in particular "the shorts". This was part of an overall message that appeared designed to assure investors nothing was amiss with his company's accounting. Uh-huh.

It's worth noting this catch-all group of "shorts", of which Mr. Zyskind appears quite preoccupied, could easily have been the catalyst for the SEC to have opened investigations in the first place. As well, the combination of SEC pressure paired with the fresh set of eyes that comes with a new auditor easily could have contributed to the earnings shortfall – and will likely do so again.



At least once in the past, the SEC had cited the "law enforcement exemption" of the Freedom of Information Act (FOIA) as basis to deny the public's access to the detailed records we sought on this company. As a matter of law, the SEC is acknowledging some sort of investigative activity with this response. We filed an appeal with the SEC Office of the General Counsel to challenge that response.

In response to our latest appeal, the date of which is shown in the table below, the SEC stated, "We have

confirmed with staff that releasing the withheld information could reasonably be expected to interfere with on-going enforcement proceedings.”

While the SEC as a matter of course tells the public that an ongoing investigation should not be construed as a finding of any wrong-doing, the public interest is understandably high in tracking these investigations and their outcome. In this case, our research shows these SEC proceedings are undisclosed by AmTrust Financial Services Inc.

Independent Investment Research Focused on Public Company Interactions With the SEC.

Notes: *Our **Disclosure Insight**® reports, like those coming from other financial news and data providers, provide the investing public with commentary and analysis on public company interactions between investors and/or with the SEC and other agencies. They are journalistically based in large part on our expertise with federal filings using the Freedom of Information Act.*

*“**Disclosure Games**®” is a trademarked term we use to highlight those public companies engaging in disclosure practices that in our opinion may be misleading, confusing, evasive, or otherwise lacking the transparency needed for investors to make well-informed investment decisions regarding a potentially material exposure.*

If we alert you to existence of an undisclosed SEC probe, that means we filed a Freedom of Information Act (FOIA) request with the SEC on the company in question and have a response, in black-and-white, on government letterhead that supports our statement. The only thing we know at this time is that the probe(s) somehow pertains to the conduct, transactions, and/or disclosures of the companies referenced.

New SEC investigative activity could theoretically begin or end after the date covered by the latest information in this report which would not be reflected here. The SEC did not disclose the details on investigations referenced herein. All we know is that they somehow pertain to the conduct, transactions, and/or disclosures of the companies referenced above. Companies with undisclosed SEC investigations are maintained on our Watch List of companies with undisclosed SEC probes.

The SEC reminds us that its assertion of the law enforcement exemption should not be construed as an indication by the Commission or its staff that any violations of law have occurred with respect to any person, entity, or security.

To learn more about our research process, including how to best use this information in your own decision-making, [click here](#).

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