

## **Krupa Global Investments to Meet with State Insurance Regulators to Oppose AmTrust Privatization Transaction; Will Continue to Campaign Aggressively Against “Absurdly Low” Buyout Price**

*The Central Europe based investment group is warning state regulators that the pending privatization transaction puts all policyholders at risk due to insufficient oversight and is continuing its campaign to stop AmTrust from going private.*

PRAGUE, 1st October, 2018 --- Arca Capital, one of the largest shareholders of AmTrust Financial Services, Inc., is meeting with key state insurance regulators across the country to make the case that the pending privatization transaction would put AmTrust policyholders at risk due to a lack of public shareholder oversight.

Regulators across the country have previously cited AmTrust’s management due to its controversial dealings.

California Insurance Commissioner Dave Jones has previously investigated and taken action against AmTrust’s management on multiple occasions for having insufficient reserves to cover active policies. Additionally, Commissioner Jones has expressed concerns about AmTrust management’s actions surrounding its previous merger with Tower Insurance whereby management funneled profitable policies into AmTrust and funneled policies with active claims to a company called Castle Point, which appeared to be built expressly for the purposes of going bankrupt to avoid making payouts. These actions led to severe consequences for customers of Tower Insurance, who were denied payouts under the pretenses that their insurance company was insolvent, and for taxpayers, who ended up footing some of the bill.

The New York State Department of Financial Services has also investigated AmTrust’s actions in the Tower merger due to policyholders having their claims denied. A recent investigative report by WNBC New York from June 29, 2018, profiled Eita Pruss, a woman who was run over by a vehicle covered by an active Tower Insurance policy. Ms. Pruss was denied an agreed upon payout by AmTrust management after the debilitating accident during AmTrust’s merger with Tower Insurance because the policy for the vehicle had been funneled to the defunct Castle Point company. This denial of a payout came despite AmTrust management’s previous assurances that AmTrust would cover Tower’s outstanding liabilities.

As a result of these controversial dealings by management, taxpayers in New York and New Jersey have had to pay close to \$20 Million to cover parts of these claims (regulations require the state to cover up to \$1 Million per policy). Arca Capital sees these activities as part of a pattern of misleading statements, broken promises, and dubious dealings by the controlling Zyskind/Karfunkel family and is consistent with their attempt to acquire AmTrust from the company’s public shareholders at an unfair price.

“AmTrust is fundamentally a strong business that does not need to resort to cheating victims of accidents to make nominal increases in profit. Unfortunately, the Zyskind/Karfunkel family will stop at nothing to line their pockets at the expense of their investors and their policyholders. If AmTrust is allowed to go private, they will have even less accountability and oversight over their operations thus allowing the Zyskind/Karfunkel family to decrease their reserves for payouts and cheat policyholders on a very large scale. Arca Capital envisions AmTrust as a strong public enterprise that can generate

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returns for shareholders and provide policyholders with policies they can count on in the case of unfortunate events. Make no mistake, privatization is bad for investors, bad for brokers, bad for taxpayers and bad for policyholders. Thus, we are meeting with regulators to urge them to act for the benefits of all of their constituents and reject this transaction,” said Pavol Krupa, Chairman of Arca Capital.

Arca Capital, which owns approximately 2.4 percent of outstanding shares of AmTrust, is actively pursuing a campaign to stop the transaction or, if it goes forward, to demand fair value for investors. Arca Capital is exploring all legal avenues to obtain fair value for its AmTrust shares should the transaction go forward. Carl Stine of Wolf Popper LLP is representing Arca Capital in this regard.

Arca Capital is also investigating whether Zyskind/Karfunkel affiliates were included as part of the “minority shareholders” in the June 21<sup>st</sup> vote, which required that a majority of the minority shareholders approve the transaction. If Zyskind/Karfunkel affiliates are found to have voted as minority shareholders, the entire integrity of the June 21<sup>st</sup> vote could be called into question.

Since the initial privatization transaction was announced in January 2018, Arca Capital has fought tirelessly for fair value on behalf of all investors. Through these efforts, Arca Capital succeeded in forcing two successive price increases from the original \$12.25 per share offer price thus unlocking hundreds of millions of dollars in additional shareholder value. Arca Capital continues to strongly contend that the \$14.75 buyout price is absurdly low and holds a long-term price target of \$25-35 per share.

Arca Capital prides itself on fighting for good corporate governance in companies across the world with an emphasis on Central and Eastern Europe as well as the United States. Arca Capital recently announced the creation of a specialized entity, Krupa Global Investments (“KGI”), to handle a majority of its activist investment portfolio. KGI, which will also be run by Pavol Krupa, will focus its efforts on opportunistic growth and an activist investment strategy and will benefit from Mr. Krupa’s long record at Arca Capital delivering double digit returns on his portfolio every year.

“Arca Capital and Krupa Global Investments will always fight to make sure that companies are run for the benefit of their shareholders while treating employees fairly, serving customers well, and acting as good citizens in the community. To that end, our work with AmTrust is far from finished,” added Krupa.

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#### About Arca Capital:

Arca Capital is a private investment group with a strong Central European exposure. It focuses on the development of its private equity activities oriented on energy, real estate, retail and service activities, as well as regulated activities focused on building and managing fund structures focusing on energy, real estate and financial services. Arca Capital also carries out projects with a so-called activist approach, with the goal of remedying and eliminating management actions that have a negative impact on companies, and with the goal of achieving significant positive change in strategy, financial structure or management.

Assets under management over \$1.7 billion USD.

#### About Krupa Global Investments:

Krupa Global Investments, previously known as Arca Capital, is a private investment group with a focus on energy, real estate, retail and service activities, as well as regulated activities focused on building and managing fund structures focusing on energy, real estate and financial services. It is named after its founder and chairman, Pavol Krupa. The firm takes an activist approach, with the goal of remedying and eliminating management actions that have a negative impact on companies, and

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with the goal of achieving significant positive change in strategy, financial structure or management. The firm has fought and won many successful battles and in so doing has streamline companies and realize hundreds of millions in shareholder value.

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