Lafayette RE Management, LLC and Owner-CEO Pay $680,000 to Resolve First-of-its-Kind PPP Fraud False Claims Act Case

NEW YORK, Dec. 19, 2024 /EINPresswire.com/ — The United States Department of Justice announced today a $680,000 settlement with Lafayette RE Management, LLC, and its CEO and majority owner, Thibault Adrien, to resolve a whistleblower lawsuit under the False Claims Act. Lafayette RE Management, one of the nation's largest single-family residential real estate asset managers, oversees more than 5,000 homes through its affiliate, Brandywine Homes, across major U.S. metropolitan areas. The lawsuit alleged that Adrien and his companies fraudulently secured Paycheck Protection Program (PPP) loans intended to support small businesses during the COVID-19 pandemic.

The complaint states that Adrien falsely certified the loans were essential for sustaining Lafayette and Brandywine's operations during the economic uncertainty of the pandemic. Instead, the funds were used to expand Lafayette's operations, invest in infrastructure, and increase market share—all while the company experienced record profits driven by heightened demand for single-family rental properties. The $680,000 settlement represents twice the amount of the improperly forgiven PPP loans.

The whistleblower, Jesus Nunez-Unda, a former general partner at Lafayette, exposed significant misconduct, including fraudulent PPP loan applications. Nunez-Unda raised these concerns with Lafayette's Board, investors, and capital partners, such as The Carlyle Group and Prudential Financial/PGIM. When no corrective action was taken, he filed the whistleblower lawsuit. The U.S. Attorney's Office for the Western District of Texas conducted an investigation and elected to intervene—an action taken in only about 20% of whistleblower cases.

The lawsuit further alleges that Adrien knew his businesses were thriving during the pandemic and did not require financial assistance. Instead of using the loans for their intended purpose, Adrien allegedly used the funds to expand operations, hire executives, open new offices, and invest in publicly traded competitors within the single-family rental market, avoiding any personal financial risk.

This case marks a pivotal moment in the Department of Justice's efforts to combat PPP fraud. Unlike more common PPP fraud cases involving fabricated employees or undisclosed affiliates, this is the first resolved case based on fraudulent certification of financial necessity.

“I am proud to have helped American taxpayers and grateful for the DOJ’s dedication to this case,” said Mr. Nunez-Unda. “I am very thankful to my attorneys, especially lead counsel Max Rodriguez who was an indispensable partner and advisor through this complex process.”

“We are proud to have helped our client achieve this important result,” said Max Rodriguez, lead counsel for Mr. Nunez-Unda. “PPP loans were meant to protect small businesses facing historic and existential disruptions to operations, not grant private equity fund managers free money to further consolidate their wealth. Lafayette and Adrien abused this historic and important program — all the while receiving record profits from middle-class American families renting their homes at record rents. We are thankful to our partners at the Department of Justice for working with us to hold them accountable.”

“This settlement makes clear that the Department of Justice will not tolerate cheating, irrespective of the amount involved,” added Adam Pollock, founding partner of Pollock Cohen LLP. “We appreciate the government’s work and dedication in investigating and intervening in this case.”

About Pollock Cohen LLP

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