

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

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EINPresswire.com/ -- The United States Department of Justice [announced](#) that it had reached a settlement with Lafayette RE Management, LLC, and Thibault Adrien, a French national who is CEO and majority owner of Lafayette, for \$680,000 to resolve a qui tam whistleblower lawsuit filed by Jesus Nunez-Unda — a former executive of Lafayette, alleging that they violated the False Claims Act. The case is United States ex rel. Nunez-Unda v. Lafayette RE Management LLC, Brandywine Homes USA LLC, and Thibault Adrien, No. 5:22-cv-000659 (W.D. Tex.).

Lafayette is one of the nation's largest single-family residential real estate asset managers. Lafayette, a private equity landlord, owns over 5,000 homes leased through its Brandywine Homes affiliate in numerous metro areas around the United States.

Mr. Nunez-Unda's complaint — the basis of DOJ's settlement — alleged that Lafayette, another related entity, and Adrien committed fraud by improperly securing Paycheck Protection Program ("PPP") loans guaranteed by the United States Small Business Administration ("SBA"). In particular, Adrien falsely certified that these entities' loans were necessary to support ongoing operations due to the economic uncertainty of COVID. The settlement amount is equivalent to double the PPP loan amount received by Lafayette and subsequently forgiven by the SBA.

Mr. Nunez-Unda, who was a General Partner at Lafayette until 2021, uncovered extensive wrongdoing caused by Adrien at the company, including the PPP fraud, and promptly reported it



Law Office of Max Rodriguez PLLC

to Lafayette's Board, key Lafayette investors and executives, and Lafayette's two main capital partners: The Carlyle Group, and Prudential Financial / PGIM. Mr. Nunez-Unda's warnings were ignored.

Acting upon Mr. Nunez-Unda's information, the U.S. Attorney's Office for the Western District of Texas investigated the allegations and intervened in the case. The Department of Justice only intervenes in about 1 in 5 whistleblower qui tam cases.

"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."



Although PPP fraud has been a high priority for DOJ in the last several years, most cases have turned on simpler misrepresentations like fake employees or concealing affiliates. This is the first PPP fraud case resolved based on an applicant's fraudulent certification that their PPP loan was necessary to support ongoing operations during the pandemic due to economic uncertainty.

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Max Rodriguez

“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,” said Adam Pollock, a founding partner at Pollock Cohen LLP, who served as co-counsel to the whistleblower, Mr. Nunez-Unda. “We appreciate the government’s work and dedication in investigating and intervening in this case.”

The Complaint’s Allegations

Mr. Nunez-Unda’s complaint makes the following allegations: Using Lafayette and Brandywine, Adrien applied for two PPP loans in March and April 2020. In both applications, Adrien certified that the PPP loans were necessary to support the entities’ ongoing operations due to economic uncertainty, and that they would be used as prescribed by Congress and the SBA pursuant to the PPP program. These certifications were knowingly false.

When the pandemic began, much of the economy was frozen and dislocated. Millions of American businesses and middle-class families suffered economic hardship because of the pandemic and the uncertainty it introduced.

But Adrien’s businesses — single-family real estate asset management, rental, and property management — experienced a boom. For safety and space, renters were fleeing multi-family housing and seeking single-family housing. Because they used analytics tools that allowed them to understand performance in real time, Lafayette and Brandywine understood that these trends would benefit rather than hurt their business. Because of these analytics and other factors, Adrien knew that Lafayette and Brandywine did not need government assistance but applied for PPP loans anyway, even listing his own housekeeper as a supposed employee of Lafayette.

Because he knew Lafayette and Brandywine did not need the money to support ongoing operations — which is what it was intended for during a national emergency — the PPP loans were an opportunity to get free money from the government to invest in the companies. Adrien grew his companies, acquiring new infrastructure, hiring new executives, and opening new regional offices. He and some of his partners even pursued opportunities to double down on the single-family-rentals sector by purchasing shares in Lafayette’s publicly-traded competitors. The loans allowed him to make these investments without dipping into his own pockets or affecting his lifestyle.

The False Claims Act rewards whistleblowers for alerting the government to fraud perpetrated against the United States. The Law Office of Max Rodriguez PLLC, together with Pollock Cohen LLP, represented Mr. Nunez-Unda to develop this groundbreaking case, bring it to the government’s attention, and hold these wrongdoers accountable for their fraud on American taxpayers.

About Lafayette RE Management

Lafayette, founded in 2011, is one of the nation’s largest single-family residential real estate

asset managers with fully-integrated property management and construction affiliates. It has approximately \$1.3 billion in gross assets under management. In other words, Lafayette is a private equity landlord with over 5,000 homes leased through its Brandywine Homes affiliate in numerous metro areas around the United States, including Atlanta, Tampa, Orlando, Marietta, San Antonio, Kansas City, Jacksonville, Columbia, Fort Myers, Nashville, Charlotte, Memphis, Dallas, Indianapolis, and Wilmington. Lafayette has joint ventures with two of the most relevant institutional investors in the real estate sector, The Carlyle Group and PGIM.

Lafayette's Board of Directors includes notable figures from business and finance, including Edouard Guerrand (Hermes International), Jacques-Antoine Ormond (1875 Finance), Louis Villa (Ananda Asset Management, Otium Capital), Michael Ogrinz (Advent International), Julien Fabre (T. Rowe Price) and Joel Michael Roberto.

Lafayette's investors are similarly prominent, including France's second richest man Xavier Niel (ILD.PA), Belgium's Frère-Bourgeois family (GBLB.BR, BUD) through their holding CNP, the Hermes family (HRMS.PA), the Hamlin family, Premier Investissement (BASS.PA), Eurobail SA, Pictet Private Equity Investors, Lombard International, and others. Other prominent individual investors include Raymond Svider (Chairman of BC Partners), James Reynolds (Partner at Goldman Sachs), Walter Guber (former head of Europe JP Morgan), Matthieu Bucaille (former Chairman of Lazard international), Kyril Courboin (Head of JP Morgan France), Jean-Christophe Germani (Head of CVC France), Benoit Valenti (Head of Private Equity investments at Temasek), and Gregoire Baudot (PJT Partners).

About Law Office of Max Rodriguez PLLC

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CONTACT:

Max Rodriguez (Law Office of Max Rodriguez)
max@maxrodriguez.law

Adam Pollock (Pollock Cohen LLP)
adam@pollockcohen.com

Max Rodriguez
Law Office of Max Rodriguez PLLC
[email us here](#)

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