



THE UNITED STATES ATTORNEY'S OFFICE
NORTHERN DISTRICT *of* NEW YORK

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Department of Justice

U.S. Attorney's Office

Northern District of New York

FOR IMMEDIATE RELEASE

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Ulster County Man Charged with COVID-19 Relief Fraud

Jean R. Lavanture Charged with Bank Fraud After Obtaining Nearly \$5 Million in Loans

ALBANY, NEW YORK – Jean R. Lavanture, a/k/a Rudy Lavanture, age 47, of Saugerties, New York, was arrested today on a bank fraud complaint alleging that he fraudulently obtained nearly \$5 million in government-backed loans meant for businesses struggling with the financial effects of the coronavirus pandemic. FBI agents arrested Lavanture this morning at a 8.54-acre New Jersey estate that he is alleged to have bought with the fraudulently obtained funds.

The announcement was made by Acting United States Attorney Antoinette T. Bacon; Thomas F. Relford, Special Agent in Charge of the Albany Field Office of the Federal Bureau of Investigation (FBI); Jonathan D. Larsen, Special Agent in Charge, New York Field Office, Internal Revenue Service (IRS)-Criminal Investigation; and Kevin Kupperbusch, Special Agent in Charge of the Eastern Region of the Office of Inspector General for the Small Business Administration (SBA-OIG).

Acting United States Attorney Antoinette T. Bacon stated: "According to the complaint, Jean Lavanture stole millions of dollars from important government programs created to help struggling communities during the pandemic. We are on the lookout for fraud, and we will use all available tools to prosecute those who lie, cheat, and steal from programs that America's businesses and their employees so desperately need." Coronavirus Fraud Coordinator Joshua R. Rosenthal added, "The U.S. Attorney's Office and our law enforcement partners will continue to aggressively pursue fraudsters seeking to illegally exploit the ongoing coronavirus emergency."

FBI Special Agent in Charge Thomas F. Relford stated: "The allegations against Mr. Lavanture are appalling. Small businesses have suffered devastating losses during the coronavirus pandemic and the FBI will not tolerate anyone who steals the funding designed to be a lifeline for those businesses. The FBI, along with our federal partners, will remain vigilant in making sure programs like the PPP are used as intended."

A criminal complaint alleges that between June 16, 2020 and July 22, 2020, Lavanture received approximately \$4,906,281 in Paycheck Protection Program (PPP) loans and Economic Injury Disaster Loans (EIDL), which were issued by two banks and the SBA to five Saugerties-based companies he controlled. In the loan applications, Lavanture falsely represented that each company had employees, substantial revenues, and a payroll, and he submitted fraudulent tax documents in support of his lies. In fact, according

to the complaint, none of these companies has ever reported employees to the New York State Department of Labor, nor reported income to the IRS for 2017 through 2019.

The complaint also alleges that Lavanture has improperly used loaned funds to make property purchases and pay personal expenses, further demonstrating his fraudulent intent. Lavanture has withdrawn approximately \$439,503.25 of the loaned funds in cash, and drew on loaned funds when he purchased a motel in Rockaway Beach, Missouri, and transferred \$952,000 in connection with the purchase of a 8.54-acre estate in Byram Township, New Jersey, that includes an 18-room Tuscan-style mansion.

The charges in the complaint are merely accusations. The defendant is presumed innocent unless and until proven guilty.

IRS-CI Special Agent in Charge Jonathan D. Larsen stated: "This case is an example of greed and selfishness during a time when our country is united in crisis. IRS-CI and our law enforcement partners are committed to identifying individuals like Mr. Lavanture, who would deprive struggling small businesses from much-needed economic relief for their own gain, and then quickly taking action to bring them to justice."

SBA-OIG Special Agent in Charge Kevin Kupperbusch stated: "Greed has no place in SBA's programs that are intended to provide assistance to the nation's small businesses struggling with the pandemic challenges. Our Office will remain relentless in the pursuit of fraudsters who seek to exploit SBA's vital economic programs. I want to thank the U.S. Attorney's Office and our law enforcement partners for their dedication and commitment to seeing justice served."

Lavanture was scheduled to make an initial appearance later this afternoon before a United States Magistrate Judge in Newark, New Jersey.

If convicted of bank fraud, Lavanture faces up to 30 years in prison, up to 5 years of post-imprisonment supervised release, and a maximum fine of the greater of \$1 million or twice his gross pecuniary gain or his victims' gross pecuniary loss. A defendant's sentence is imposed by a judge based on the particular statute the defendant is charged with violating, the U.S. Sentencing Guidelines and other factors.

The Coronavirus Aid, Relief, and Economic Security (CARES) Act is a federal law enacted in March 2020 and designed to provide emergency financial assistance to the millions of Americans who are suffering the economic effects of the COVID-19 pandemic. The CARES Act authorized forgivable loans to small businesses for job/employee retention and certain other expenses, through the PPP. PPP loan proceeds must be used by the borrowing business only on certain, permissible expenses – specifically, payroll costs, interest on mortgages, rent, and utilities. PPP loans are issued by banks and guaranteed by the SBA.

The CARES Act also authorized EIDLs to be granted to small businesses and non-profit organizations experiencing substantial financial disruption due to the COVID-19 pandemic. These low-interest loans are designed to provide temporary relief to organizations suffering a temporary loss of revenue. EIDLs are to be used to cover an array of expenses, such as rent, utilities, and fixed debt payments. The SBA pays EIDLs directly.

This case is being investigated by the FBI, IRS-Criminal Investigation, and SBA-OIG, and is being prosecuted by Assistant U.S. Attorneys Michael Barnett and Joshua R. Rosenthal.

Topic(s):

Disaster Fraud

Financial Fraud

Component(s):

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