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H&M L.P. Agrees to Pay \$36 Million to Resolve Qui Tam Claims Over Allegations of Gift Card Fraud

Walden Macht & Haran LLP

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H&M Hennes & Mauritz, L.P. Agrees to Pay \$36 Million to Resolve Qui Tam Claims

Over Allegations of Escheat Fraud

New York, NY, May 19, 2022 – Nearly six years after whistleblower **William S. French** filed a False Claims Act lawsuit under the New York False Claims Act (“FCA”) alleging that **H&M Hennes & Mauritz, L.P. (“H&M LP”)** violated New York law by failing to escheat millions of dollars to the State of New York, H&M LP has agreed to pay \$36 million to settle the claims. It is believed that this is the largest

successful FCA escheat action in history. **Dan Miller** of **Walden Macht & Haran, LLP** served as lead counsel representing Mr. French.

View the executed settlement agreement [here](#).

The lawsuit alleged that H&M LP had a legal obligation to escheat millions of dollars in unredeemed gift card money to the State of New York, but instead of giving the money to the State, H&M LP implemented a plan to keep the money by entering a sham agreement with an as-yet-unnamed company which disguised the true nature of the funds H&M LP was required to escheat. Additionally, the complaint alleged that H&M falsely told the State that H&M LP's gift card liabilities had been transferred to the unnamed company, when in fact, H&M LP had the money in its own bank accounts.

The \$36 million settlement with H&M LP is the latest in Mr. French's series of successful False Claims Act claims against retailers for alleged misconduct involving their escheat obligations. See, e.g., *State of Delaware ex rel. William S. French v. Card Compliant, LLC et al.*, C.A. No. N13C-06-289 (Del. Super. Ct.).

Miller, who has represented Mr. French since 2016, commented on the settlement: "I am very proud of this case. To my knowledge, this is the most successful *qui tam* whistleblower escheat action in the history of the United States. Piecing together what happened here required extraordinary effort over a period of many years. The taxpayers of New York State should be thankful to both Mr. French and the New York Attorney General's Office, and in particular, Assistant Attorney General Laura Jereski. Their work to reach this outcome was phenomenal. Further thanks are due to our co-counsel, David Koenigsberg and John Menz, of Menz Bonner Komar & Koenigsberg LLP."

The case is captioned *State of New York ex rel. William S. French v. H&M Mauritz, L.P.*, Index No. 101101/2016 (Supreme Court of New York, New York County). The claims against H&M LP are allegations only, and there has been no determination of liability.

WMH's whistleblower practice group is one of the most successful *qui tam* groups in the country. Led by former prosecutor Dan Miller and **Jon DeSantis**, attorneys in the group have worked on cases that have returned more than \$3 billion to state and federal treasuries across the country, including a dozen cases which were initially declined by the government.

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