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THREE MEN INDICTED IN ALLEGED HOME REPAIR FRAUD SCHEME TARGETING ELDERLY VICTIMS ON CITY'S SOUTH AND WEST SIDES

CHICAGO — Three defendants who allegedly engaged in a home-repair fraud scheme, targeting elderly victims on the city's south and west sides, were arrested or being sought today in north suburban Chicago and suburban Phoenix on federal fraud charges. The defendants, **John J. Sullivan**, his brother, **Daniel J. Sullivan**, and **Patrick R. Rooney**, were each charged with two counts of wire fraud in an indictment returned by a federal grand jury last week and unsealed today following the arrest of Daniel Sullivan at his home in Niles, announced Patrick J. Fitzgerald, United States Attorney for the Northern District of Illinois; Thomas P. Brady, Inspector-in-Charge of the U.S. Postal Inspection Service; and Barry McLaughlin, Special Agent-in-Charge of the U.S. Housing and Urban Development Office of Inspector General in Chicago.

Daniel Sullivan, 44, of Niles, appeared before Magistrate Judge Sheila Finnegan and was ordered held pending a detention hearing at 11 a.m. Friday in U.S. District Court. An arrest warrant was issued for Rooney, 52, of Northbrook, and John Sullivan, 47, of Surprise, Ariz., and formerly of Northbrook, was expected to appear later in Federal Court in Phoenix. The indictment seeks forfeiture of approximately \$1.2 million in proceeds from the alleged fraud scheme.

According to the indictment, the Sullivans owned and operated a series of home repair and home remodeling businesses: New Look Home Services, Inc.; J & D Home Services, Inc.; A-Z Home Services; and Contract Services (collectively J&D), which were located in Chicago and Niles. Rooney was an employee of J&D, whose duties included estimating work and writing contracts for jobs that J&D was to purportedly perform. In 2004, the City of Chicago obtained a permanent injunction against New Look Home Services and John Sullivan, prohibiting them from participating in any way in the home repair industry in the city, the indictment states.

Between 2002 and 2006, the defendants and others allegedly schemed to victimize an unspecified number of elderly homeowners on the city's south and west sides by convincing them:

- ▶ that expensive repairs to their homes were necessary;
- ▶ to hire J&D to perform those repairs;
- ▶ to refinance their homes to pay for those repairs; and
- ▶ to turn over a substantial portion of the refinancing proceeds directly to J&D at the closing or shortly thereafter.

After falsely representing that they would perform expensive repairs / remodeling, and obtaining funds from the victim homeowners, the defendants intentionally failed to complete the promised repairs, instead engaging in a series of stalling tactics to avoid doing any additional work on the homeowners' properties, the indictment alleges.

As part of the scheme, the defendants allegedly caused J&D flyers advertising a wide array of home repair services to be mailed to homes, falsely claiming that J & D was licensed, bonded and insured, and advertised senior citizen discounts and free estimates. The Sullivans also hired individuals to call elderly homeowners on the city's south and west sides in an attempt to sell their services schedule an appointment for a home visit. The defendants and others then allegedly visited

the homes of potential customers in an attempt to convince the homeowners to hire J&D to make home repairs.

The indictment alleges that the defendants and others falsely represented to customers that they would perform thousands of dollars in home remodeling work, when, in fact, they intended to perform only a fraction of that work. They further persuaded elderly homeowners to pay for the services promised by J&D by refinancing their homes, and arranged for most of the proceeds from the mortgage or home equity loan be paid directly to J&D by the lender, the charges allege.

In some instances, the defendants allegedly persuaded customers to sign blank contracts with J&D that did not specify the services to be performed, falsely telling customers that the blank contracts were needed in the event that the defendants needed to hire subcontractors and/or purchase additional supplies. At times, the defendants and others later modified the blank contracts with false statements of contract provisions to use against the customers. The defendants typically did not leave a copy of the original contract with the customers, and, if a customer requested a copy of the contract, the defendants or others acting at their direction, later returned to the house and attempted to steal the customer's copy of the contract, according to the indictment.

Anyone with information about the alleged scheme or who thinks they might be a victim may call a U.S. Postal Inspection Service toll-free number, 1-800-372-8347, and press 8.

The government is being represented by Assistant U.S. Attorney Patrick Pope.

Each count of wire fraud carries a maximum penalty of 20 years in prison and a \$250,000 fine, and restitution is mandatory. The Court may also impose a fine totaling twice the loss to any victim or twice the gain to the defendant, whichever is greater. If convicted, however, the Court

would determine a reasonable sentence to impose under the advisory United States Sentencing Guidelines.

An indictment contains only charges and is not evidence of guilt. The defendants are presumed innocent and are entitled to a fair trial at which the government has the burden of proving guilt beyond a reasonable doubt.

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