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BROTHERS CONVICTED IN HOME REPAIR FRAUD SCHEME THAT TARGETED ELDERLY VICTIMS ON CITY'S SOUTH AND WEST SIDES

CHICAGO — A federal jury today convicted two men of engaging in a home-repair fraud scheme that targeted elderly victims on the city's south and west sides. Six victims testified at trial that the defendants, **John J. Sullivan**, and his brother, **Daniel J. Sullivan**, swindled them each out of tens of thousands of dollars by fraudulently promising to perform expensive home repairs, convincing them to refinance their homes to pay the costs, and then later intentionally failing to perform or complete the projects. Both defendants were found guilty of two counts of wire fraud following a two-week trial in U.S. District Court.

John Sullivan, 49, who was last living in Surprise, Ariz., and formerly of Northbrook, and Daniel Sullivan, 45, of Niles, remain in federal custody without bond and face maximum sentences of 20 years in prison on each count. They also face a potential forfeiture judgment of \$1.2 million in alleged proceeds from the fraud scheme, as well as mandatory restitution and a fine of \$250,000 on each count. Alternatively, the court may impose a fine totaling twice the loss to any victim or twice the gain to the defendants, whichever is greater. U.S. District Judge Blanche Manning scheduled sentencing for noon on Jan. 26, 2012.

The convictions were announced by 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. The government is represented by Assistant U.S. Attorneys Patrick Pope and Patrick Otlewski.

According to the evidence at trial, 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. 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.

Between 2002 and 2006, the defendants and others preyed upon elderly homeowners by fraudulently convincing them to hire J&D to perform costly home repairs and to pay for them by refinancing their homes. They falsely claimed that J & D was licensed, bonded and insured, and advertised senior citizen discounts and free estimates. The Sullivans then persuaded their victims 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 or remodeling, and obtaining funds from the victim homeowners, the Sullivans 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.

In some instances, the defendants 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, changing the terms of the contracts against the victims customers, and drafting “completion certificates,” falsely representing that the homeowners were 100 percent satisfied with the work. 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.

Another co-defendant, **Patrick R. Rooney**, 53, of Northbrook, an employee of J&D who estimated work and wrote contracts for jobs that J&D was to purportedly perform, was severed from the trial. Rooney is presumed innocent and is entitled to a fair trial at which the government has the burden of proving guilt beyond a reasonable doubt.

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