



U.S. Department of Justice

United States Attorney

Eastern District of Pennsylvania

615 Chestnut Street

Suite 1250

Philadelphia, Pennsylvania 19106-4476

(215) 861-8200

March 26, 2010

TWO CHARGED IN HOME IMPROVEMENT LOAN SCAM

PHILADELPHIA - The owner of a home improvement company and a mortgage loan officer were charged today by information¹ in a home improvement and mortgage fraud scheme, announced United States Attorney Michael L. Levy. Calvin Harris, owner of the Philadelphia Homes Improvement Outreach Program (“PHIOP”), is charged with two counts of wire fraud. Jonathan Ganz, a loan officer for a mortgage brokerage company, is charged with one count of wire fraud.

Harris focused his sales efforts on the African-American community in Philadelphia, promising home improvement work on the houses of those clients who signed with him. He also promised to help them secure financing for the work. For the mortgages, he partnered with Ganz who would complete the necessary paperwork to obtain the loans for the PHIOP customers. According to the indictment, Harris took the funds intended for his clients’ home improvements and misspent them, using some of the money for cars, clothes, and vacations for himself and his family. To keep the operation afloat, he had to continue to sign up new customers to pay for the work promised to earlier customers. When the scheme started to unravel, many PHIOP customers were left with little or no improvements to their houses. Additionally, the indictment alleges, in several transactions Harris and Ganz created phony paperwork to submit to the lenders that were providing the mortgages to the PHIOP customers. In several more transactions, Harris took loan proceeds checks made out to third parties, such as the City of Philadelphia, utility companies, and credit card companies, and cashed them himself, keeping the money, rather than sending it to the third parties.

As a result of the scheme, many PHIOP customers are now struggling to pay mortgages for home improvements that were never done.

INFORMATION REGARDING THE DEFENDANTS

NAME	ADDRESS	AGE OR YEAR OF BIRTH
Calvin Harris	Upper Darby, Pennsylvania	1967
Jonathan Ganz	Chesterbrook, Pennsylvania	1953

¹An Indictment is an accusation. A defendant is presumed innocent unless and until proven guilty.

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If convicted Harris faces a maximum possible sentence of 40 years imprisonment, 3 years of supervised release, and a \$500,000 fine; Ganz faces a maximum possible sentence of 20 years imprisonment, 3 years of supervised release, and a \$250,000 fine. The advisory sentencing range as calculated under the United States Sentencing Guidelines will be lower than the maximum sentences.

The case was investigated by the Federal Bureau of Investigation and is being prosecuted by Assistant United States Attorney Michael S. Blume.

**UNITED STATES ATTORNEY'S OFFICE
EASTERN DISTRICT, PENNSYLVANIA
Suite 1250, 615 Chestnut Street
Philadelphia, PA 19106**

**Contact: PATTY HARTMAN
Media Contact
215-861-8525**

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