

Case 2:14-cv-07249-SJO-FFM Document 3 Filed 09/30/14 Page 1 of 24 Page ID #:7

14-mc-243

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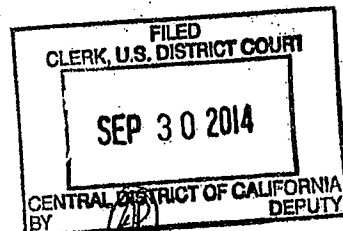
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NOV 12 2014

UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA

JEFFREY P. COLWELL  
CLERK

Western Division

CV 14 07249-SJO (FFM)

SECURITIES AND EXCHANGE  
COMMISSION,

Case No.

COMPLAINT

Plaintiff,

vs.

NATIONWIDE AUTOMATED  
SYSTEMS, INC., JOEL GILLIS, and  
EDWARD WISHNER,

Defendants,

and

OASIS STUDIO RENTALS, LLC,  
OASIS STUDIO RENTALS #2, LLC,  
and OASIS STUDIO RENTALS #3,  
LLC,

Relief Defendants.

COMPLAINT

1

1 Plaintiff Securities and Exchange Commission ("SEC") alleges:

2 **JURISDICTION AND VENUE**

3 1. The Court has jurisdiction over this action pursuant to Sections 20(b),  
4 20(d)(1) and 22(a) of the Securities Act of 1933 ("Securities Act"), 15 U.S.C. §§  
5 77t(b), 77t(d)(1) & 77v(a), and Sections 21(d)(1), 21(d)(3)(A), 21(e) and 27(a) of the  
6 Securities Exchange Act of 1934 ("Exchange Act"), 15 U.S.C. §§ 78u(d)(1),  
7 78u(d)(3)(A), 78u(e) & 78aa(a).

8 2. Venue is proper in this district pursuant to Section 22(a) of the Securities  
9 Act, 15 U.S.C. § 77v(a), and Section 27(a) of the Exchange Act, 15 U.S.C. § 78aa(a)  
10 because certain of the transactions, acts, practices and courses of conduct constituting  
11 violations of the federal securities laws occurred within this district.

12 **SUMMARY**

13 3. This matter concerns a large ongoing Ponzi scheme. Defendants'  
14 scheme was to sell—in an unregistered securities offering—investment opportunities  
15 in automated teller machines ("ATMs") through purported "sale and leaseback"  
16 transactions.

17 4. Since 2013 alone, Defendants raised at least \$123 million in investor  
18 funds through its ATM sale and leaseback transactions with investors. Defendant  
19 Nationwide Automated Systems, Inc. ("NASI") told investors that it is in the business  
20 of placing, operating and maintaining ATMs, and that investors could purchase  
21 ATMs from NASI, and then lease them back to NASI in return for "rent" of 50 cents  
22 per ATM transaction, with a guaranteed investment return of at least 20% per year.

23 5. But none of that was true. Legitimate ATM transaction revenue  
24 represented only a tiny fraction—less than 2%—of NASI's actual revenue. The vast  
25 majority of NASI's revenue was comprised of new investor funds. To an  
26 overwhelming degree, therefore, investor funds were not being used to acquire, place,  
27 operate, and maintain the thousands of ATMs that NASI said it had sold to them, but  
28 were instead being used to pay guaranteed returns NASI already owed to earlier

1 investors. Defendants also did not actually own many of the ATMs they had  
2 ostensibly bought and allegedly sold to investors. In fact, Defendants required  
3 investors to contractually promise that they would never contact the locations where  
4 their ATMs were supposedly located, all to ensure that no one could discover  
5 Defendants' fraud.

6 6. Defendant Gillis is involved in all aspects of the fraud. He is the  
7 president of NASI, he personally executed thousands of sale and leaseback  
8 agreements with investors on NASI's behalf, he is the signatory on the bank accounts  
9 from which NASI made Ponzi-like investor payments, and he was directly involved  
10 in the marketing of NASI's ATM investment opportunities to investors.

11 7. Defendant Wishner is also a key actor in Defendants' fraudulent scheme.  
12 He is the treasurer, vice president, and secretary of NASI, he was responsible for  
13 preparing NASI's tax returns, and he is a signatory on the bank accounts from which  
14 NASI made Ponzi-like investor payments. Wishner is also the registered agent of and  
15 is affiliated with Relief Defendants Oasis Studio Rentals, LLC, Oasis Studio Rentals  
16 #2, LLC and Oasis Studio Rentals #3, LLC.

17 8. As a result of the conduct alleged herein, Defendants have violated the  
18 antifraud provisions of the Securities Act and the Exchange Act, and Defendants  
19 NASI and Gillis have violated the registration provisions of Section 5 of the  
20 Securities Act. Defendant Gillis is liable for these violations directly, and as a control  
21 person under Section 20(a) of the Exchange Act.

22 9. The SEC brings this emergency action and seeks a temporary restraining  
23 order and preliminary injunction, among other relief, to halt Defendants' unlawful  
24 conduct and preserve the status quo. The SEC also seeks entry of permanent  
25 injunctions against Defendants; disgorgement of ill-gotten gains and prejudgment  
26 interest thereon from Defendants and Relief Defendants; and civil penalties from  
27 Defendants.

**THE DEFENDANTS**

10. Nationwide Automated Systems, Inc. is a California corporation headquartered in Calabasas, California. NASI is not registered with the SEC, and has not registered any offering or class of its securities with the SEC.

11. Joel Barry Gillis is a resident of Woodland Hills, California. Gillis is the president of Defendant NASI and a signatory on its bank accounts. According to a press release issued by NASI, Gillis "runs" NASI. He was formerly a registered investment representative, but he has not been registered since 1986.

12. Edward Wishner is a resident of Woodland Hills, California. Wishner is the treasurer, vice president, and secretary of Defendant NASI and a signatory on its bank accounts. Wishner prepared NASI's tax returns. Wishner is affiliated with Relief Defendants Oasis Studio Rentals, LLC, Oasis Studio Rentals #2, LLC and Oasis Studio Rentals #3, LLC (collectively, "Oasis Studio Rentals").

**RELIEF DEFENDANTS**

13. Oasis Studio Rentals, LLC is a California limited liability company headquartered in Houston, Texas which was formed in 2008. Wishner is its registered agent.

14. Oasis Studio Rentals #2, LLC is a California limited liability company headquartered in Woodland Hills, California which was formed in 2012. Wishner is its registered agent.

15. Oasis Studio Rentals #3, LLC is a California limited liability company headquartered at the same Woodland Hills address as Oasis Studio Rentals #2, and was also formed in 2012. Wishner is its registered agent and one of its principals.

**FACTUAL ALLEGATIONS**

**A. Background on NASI**

16. NASI was incorporated in 1996 and is controlled by Gillis. To the public, NASI describes itself as "an ATM machine provider" which "works with high-traffic retail locations, hotels, casinos, convenience stores and movie theatres

1 located throughout the United States.” NASI claims that it “has been consistently  
2 recognized for its exceptional customer service, sturdy machines and aggressive  
3 revenue-sharing model.” NASI touts the fact that it operates “over 80 branches” with  
4 “1,000 certified technicians on standby,” and further claims that NASI services more  
5 than \$1 billion in ATM transactions per month. Stated succinctly, NASI tells  
6 investors that it is in the business of placing, operating and maintaining automated  
7 teller machines.

8 **B. The Unregistered NASI Offering**

9 **1. Defendants’ solicitation of investors**

10 17. Since at least 1999 and continuing to the present, Defendants NASI and  
11 Gillis have offered securities—in the form of ATM sale and leaseback agreements—  
12 to the public. From just January 2013 to today, Defendants have raised  
13 approximately \$123 million in investor money through the NASI ATM sale and  
14 leaseback offering.<sup>1</sup>

15 18. Defendants NASI and Gillis, directly and indirectly, solicited investors  
16 through various salespeople, including Gillis himself, electronic mail, and by word-  
17 of-mouth. Defendants NASI and Gillis offered and sold NASI’s ATM sale and  
18 leaseback agreements to investors across the United States.

19 **2. The terms of the NASI offering**

20 19. Defendants sold investors ATMs through a standard package of  
21 agreements, comprised of: (i) an ATM Equipment Purchase Agreement (“Purchase  
22 Agreement”); (ii) an ATM Equipment Lease Agreement (“Lease Agreement”); and  
23 (iii) an Addendum To Owner Lease Agreement (“Addendum”). The three documents  
24 were executed at or around the same time by investors, with Gillis signing on behalf  
25

26  
27 <sup>1</sup> The NASI bank records with transaction-level detail that the SEC obtained during  
28 its pre-filing investigation are limited to this 20-month time period; NASI, however,  
has been engaged in the offer and sale of ATM sale and leaseback agreements since  
at least 1999.

1 of NASI.

2 20. Under the terms of the Purchase Agreement, investors paid a flat  
3 amount—typically \$12,000, but in some cases \$19,800 per ATM—to buy one or  
4 more ATMs, all of which were identified in an exhibit to the contract by both “serial  
5 number” and the name of the location to which the ATMs were to be delivered. In  
6 exchange for this payment, NASI, as “Seller”, agreed to deliver the investor-  
7 purchased ATMs to the location indicated by the agreement within 60 days. Last,  
8 NASI warranted that “the ATM(s) purchased by BUYER shall, at the time of  
9 delivery, be free and clear of all liens, claims, debts, encumbrances, security interests,  
10 or other charges.”

11 21. Under the terms of the Lease Agreement, investors then leased their  
12 ATMs back to NASI for an initial 10-year term. The lease provides that “NASI, at its  
13 sole cost and expense, shall operate and maintain the ATMs and provide all services  
14 relating thereto,” including but not limited to “processing and accounting for all ATM  
15 transactions, obtaining, the delivering and loading of cash for the ATMs, and  
16 repairing, maintaining and servicing the ATMs.” Moreover, the lease states that  
17 NASI, “at its sole cost and expense,” shall “maintain insurance coverage on the  
18 ATMs in an amount not less than the full replacement value of the ATMs,” as well as  
19 “liability insurance (both public liability and property damage) covering the operation  
20 of the ATMs.”

21 22. The Lease Agreement further provides that “NASI shall pay to [the  
22 investor] as rent an amount equal to \$0.50 for each ‘approved transaction’ ...  
23 produced by the ATMs for each calendar month during the term of this Agreement.”

24 23. Following the initial 10-year lease term, the Lease Agreement  
25 automatically renewed for additional 3-year periods thereafter, unless investors  
26 provided written notice at least 60 days in advance of expiration of their intent to  
27 terminate. If terminated, NASI would either deliver an investor’s ATMs to a  
28 designated place, or alternatively, return the full amount of their initial investment,

1 *i.e.*, the purchase payment provided for in the Purchase Agreement.

2 24. The Lease Agreement also includes the following “non-interference”  
3 clause:

4 11. Non-Interference. During the term of this Agreement,  
5 including any extensions thereof, and provided that NASI is not in  
6 default under the terms hereof, Lessor agrees not to interfere with  
7 the operation of the ATMs by NASI in any manner including, but  
8 not limited to, contacting the locations where the ATMs is/are  
9 installed and/or any service providers under contract with NASI  
10 relating to the operation of such ATMs.

11 25. Last, the Addendum modified the rent obligation set forth in the Lease  
12 Agreement by guaranteeing a minimum investment return of 20% per year. In the  
13 Addendum, NASI promised that “[i]f at anytime [*sic*] the owner’s ATM machine  
14 fails to make enough transactions [t]o pay the owner a monthly check equivalent to  
15 twenty (20%) percent [a]nnual return on the owner’s investment ... [NASI]  
16 guarantees to pay owner the difference between what the Owner has received and [a  
17 20% annual return.]” The Addendum also modified the ten-year lease term provided  
18 for in the Lease Agreement by granting investors the right, after only two years, to  
19 sell their ATMs back to NASI at their original sales price at any time.

20 26. When marketing NASI’s ATM sale and leaseback agreements,  
21 Defendants NASI and Gillis touted NASI’s purported 19-year track record of  
22 profitable returns for investors. They also claimed that the locations acquired by  
23 NASI were strong performers, and that many ATMs installed in those areas yielded  
24 transaction revenue in excess of the 20% already guaranteed by NASI. Defendants  
25 NASI and Gillis encouraged investors to invest in NASI’s ATM sale and leaseback  
26 agreements by periodically representing that NASI had “secured” a new “round” of  
27 convenience store locations at which ATMs would be installed, but that because these  
28 opportunities were limited, interested investors should quickly invest while they were

1 still available. Defendants NASI and Gillis urged, in addition, that investors should  
2 roll their IRA savings into NASI's ATM sale and leaseback agreements because these  
3 investments would outperform most traditional retirement investments.

4 27. NASI's ATM sale and leaseback agreements are securities in the form of  
5 investment contracts. They represent an investment of money, in a common  
6 enterprise, with the expectation of profits to be derived from the efforts of a third  
7 party. Investors provided money to NASI for investment purposes. Because the  
8 terms of the NASI Purchase Agreement, Lease Agreement and Addendum made  
9 investors entirely dependent on NASI to operate and maintain their purported ATMs,  
10 investors were investing in a common enterprise. And for that same reason, along  
11 with investors' contractual promise not to "interfere" with the operation of their  
12 ATMs, NASI's efforts were essential to the failure or success of the common  
13 enterprise.

14 **3. The NASI offering is not registered**

15 28. Defendants have not registered with the SEC any offering of any kind by  
16 NASI.

17 29. Defendants NASI and Gillis have offered and sold NASI's ATM sale  
18 and leaseback agreements through interstate commerce to investors residing in  
19 multiple states.

20 **C. Defendants' Misrepresentations and Fraudulent Scheme**

21 30. In its ATM sale and leaseback agreements and other written  
22 communications, NASI made the following representations to investors regarding  
23 their investment with NASI. All of these statements were false and deceptive, and  
24 made by Defendants in furtherance of a fraudulent scheme:

25 (a) Investors were buying from NASI an actual ATM, identified by  
26 serial number, "free and clear of all liens, claims, debts, encumbrances, security  
27 interests, or other charges."

28 (b) The ATMs bought by investors would then be installed by NASI



1 at a designated place—typically, hotels, convenience stores, and gas stations located  
2 across the United States.

3 (c) Following the sales transaction, investors' ATMs would remain, at  
4 all times, their "sole and exclusive personal property."

5 (d) During the lease term, NASI would "operate and maintain the  
6 ATMs ... includ[ing] ... processing and accounting for all ATM transactions,  
7 obtaining, the [sic] delivering and loading of cash for the ATMs, and repairing,  
8 maintaining and servicing the ATMs," "maintain insurance coverage on the ATMs,"  
9 and "pay, prior to delinquency, all personal property taxes assessed against and levied  
10 upon the ATMs."

11 (e) During the lease term, NASI would pay to investors 50 cents per  
12 transaction occurring in their ATMs, with NASI agreeing that in the event of a  
13 shortfall, it would guarantee a 20% annual return on investment; NASI said that it  
14 was able to make this guarantee because with ATM transaction fees typically being in  
15 the range of \$2.50-\$3.00—well above the 50 cents per transaction in rent owed by  
16 NASI under the lease—NASI could guarantee a 20% return by shifting part of its  
17 share of the ATM transaction revenue back to investors.

18 (f) Each month, NASI would send investors monthly transaction  
19 reports that purportedly detailed the performance of the ATMs that they owned; these  
20 transaction figures would then form the basis for NASI's monthly payments to  
21 investors.

22 31. NASI is also a Ponzi scheme. NASI does not own or operate the tens of  
23 thousands of ATMs it claims to have sold and leased back from its investors. The  
24 legitimate ATM transaction revenue on ATMs that NASI, in fact, operates is only a  
25 miniscule part of its total revenue. By a wide margin, NASI's incoming revenue is  
26 comprised of new investor funds. And so each month, the payments NASI made to  
27 investors under their NASI Lease Agreements were not paid from real ATM  
28 transaction revenue, but were instead funded by money received from new investors

1 in Defendants' Ponzi scheme.

2       **1. Misrepresentations about NASI's operation and ownership of ATMs**  
3       **sold to and leased back from investors**

4       32. According to NASI's records, NASI had sold and was leasing back more  
5 than 31,000 ATMs to investors as of June 2014. These ATMs were purportedly  
6 located in hotels, gas stations and convenience stores across the United States, and in  
7 particular, NASI claimed that many of these ATMs were located in less densely-  
8 populated areas—towns such as Ottumwa, Iowa; Bicknell, Indiana; Viola, Illinois;  
9 Plattsmouth, Nebraska; Higgensville, Missouri; and Medicine Lodge, Kansas, to  
10 name only a few.

11       33. Because of the "Non-Interference" provision in their NASI Lease  
12 Agreements, investors were contractually barred from contacting these locations to  
13 learn anything at all about NASI's operation of their putative ATM investments.

14       34. Each month, NASI sent investors monthly transaction reports for the  
15 ATMs that they "owned." When one interested investor asked NASI, "How can I  
16 audit the ATM's monthly revenue?," a NASI sales representative tersely responded,  
17 "Your statement with each check is your audit." In fact, in their monthly reports to  
18 investors, Defendants fabricated false transaction figures for, in many cases, either  
19 non-existent ATMs or ATMs that neither NASI nor its investors actually owned.

20       35. NASI's claim of 31,000 ATMs under operation is not true. To operate  
21 its ATMs, NASI subcontracted with two ATM service providers. In exchange for  
22 certain fees, these third-party ATM servicers provided ATM processing, settlement,  
23 clearing, installation, and maintenance services to NASI for all of the ATMs owned  
24 or allegedly leased by NASI. Each month, the ATM servicers issued settlement  
25 reports to NASI, detailing the revenue generated by NASI's ATMs, less fees owed to  
26 the ATM servicers, with the balance to be paid to NASI by monthly check. These  
27 settlement reports listed each NASI ATM by location and by Terminal ID.

28       36. NASI's records of its ATMs under operation list more than 31,000

1 purported ATM holdings. The settlement reports from NASI's third-party ATM  
2 servicers, however, identify only about 235 ATMs serviced for NASI. In short,  
3 Defendants have "sold" and "leased back" tens of thousands of ATMs to NASI  
4 investors that they never owned, that they never operated, and that may have never  
5 existed.

6 37. As just one example, NASI's internal records claim ownership or  
7 operation of about 673 ATMs located at various "Casey's Convenience Mart"  
8 businesses in Nebraska, Iowa, Minnesota, Kansas and Illinois. These same Casey's  
9 Convenience Mart locations are listed in dozens of NASI investor agreements as the  
10 business locations at which NASI installed the ATMs that these investors had  
11 supposedly paid for. Neither NASI nor its investors own any of the ATMs being  
12 operated in Casey's Convenience Mart stores across the Midwest United States.  
13 Rather, each and every Casey's Convenience Mart ATM is in fact owned by a  
14 company called MobileMoney, Inc., a San Clemente-based company which has no  
15 affiliation with NASI.

16 38. What's more, in many instances NASI sold the same sham Casey's  
17 Convenience Mart ATM to more than one investor. For instance, in 2013, NASI sold  
18 an ATM at a single Casey's store in Norfolk, Nebraska, to five different NASI  
19 investors, with two of those sales occurring only 16 days apart. Defendants not only  
20 sold investors ATMs that NASI had never owned, but ATMs which Defendants had  
21 already fraudulently "sold" to other investors.

22 **2. The Ponzi scheme**

23 39. Defendants did not pay investors transaction revenue from the operation  
24 of the ATMs that NASI claimed to have sold investors. Defendants instead made  
25 Ponzi-like payments funded by cash from new investors.

26 40. In April, May and June 2014, a total of about \$23,783,827.29 was  
27 deposited to NASI's bank accounts. Of that amount, only approximately  
28 \$390,805.46—or 1.64%—represented legitimate ATM transaction revenue from

1 NASI's third-party ATM servicers. By contrast, about \$18,420,608.25 in investor  
2 funds were deposited to NASI's bank accounts. But NASI paid to investors at least  
3 \$23,492,097 in amounts owed under NASI's ATM sale and leaseback agreements.  
4 Accordingly, NASI's April, May and June investor payments were not funded by  
5 legitimate ATM transaction revenue; but instead by cash raised from new investors.

6 **3. The misappropriation and misuse of investor proceeds**

7 41. In addition to making Ponzi payments to investors as alleged above,  
8 Defendants wrongly transferred investor proceeds to Relief Defendants Oasis Studio  
9 Rentals, three entities affiliated with Wishner.

10 42. NASI's April 2013 balance sheet reflects a \$1,477,192 receivable due  
11 from Oasis Studio Rentals. These entities were formed in 2008 and 2012, and  
12 Wishner serves as the registered agent for each entity. Within eight months, NASI's  
13 balance sheet indicated that this \$1.477 million receivable from Oasis Studio Rentals  
14 had been reduced to only \$75,000. NASI's bank records, however, reflect only  
15 \$28,250 in payments made by Oasis Studio Rentals to NASI during that period of  
16 time, in the form of two checks signed by Wishner. During this time period, the  
17 source of virtually all of NASI's incoming cash was new investor funds.

18 43. Accordingly, Defendants misappropriated and misused investor proceeds  
19 by loaning and later forgiving or writing off large amounts of money to unrelated  
20 entities affiliated with Wishner.

21 **D. The Ongoing Nature of the Fraud**

22 44. In August 2014, NASI bounced approximately \$3 million in checks to  
23 NASI investors. By the end of the month, NASI had drained its bank account,  
24 drawing it down to a balance of less than \$200,000.

25 45. Following hundreds of calls from concerned investors, NASI told  
26 investors in an August 28, 2014 letter from Defendant Gillis that: "We cannot  
27 control the U.S. mail, and there will always be a small percentage of checks that for  
28 some reason or another never make it to their intended location."

1           46. NASI also stated in Gillis's letter: "In 19 years we have never, never  
2 been late. We have never had to deal with such a challenge of this type or magnitude.  
3 We have always posted and mailed checks on the 1st of each month or the Monday  
4 following, if the 1st fell on a weekend or holiday."

5           47. Gillis's August 28th letter further stated: "I will not go into every detail,  
6 but we came to the uncomfortable realization that the current infrastructure of  
7 Nationwide cannot support over 4000 phone calls that were fielded in the first 2-1/2  
8 weeks of August. Some of those calls were the same people calling two or three  
9 times."

10          48. The August 28th letter further stated: "The September 1st check will be  
11 going out late as well due to the inordinate amount of time spent on complaints,  
12 cleaning up the general accounting and system upgrades. We hope to be back on  
13 track by October 1st."

14          49. Finally, Gillis's August 28th letter stated: "Please do not call us with  
15 check mailing inquiries for September. We estimate that they will go out anywhere  
16 from the 8th to the 10th. If checks are not received within the standard 10 day period  
17 please e-mail us at: [accounting@nationwideautomatedsystems.com](mailto:accounting@nationwideautomatedsystems.com) as we do not  
18 wish to spend the next few weeks on the telephone and revisit the same unpleasant  
19 experience."

20          50. Defendants NASI and Gillis separately attempted to lull investors by  
21 also telling them that their bounced checks had been caused by a mere "glitch" in  
22 connection with NASI's decision to contract with a new outside firm to manage  
23 investor payments. NASI claimed this "system conversion" had not gone  
24 "smoothly."

25          51. On August 20, Defendants opened a new NASI account at a different  
26 bank. From that new account, NASI continued raising investor money and making  
27 Ponzi-like payments to existing investors.  
28

1        52. From August 20 to September 8, 2014, a total of about \$3,871,430 was  
2 deposited to NASI's new bank account. Of that amount, only \$52,463—or 1.36%—  
3 represented legitimate ATM transaction revenue from NASI's third-party ATM  
4 servicers. By contrast, \$3.36 million in deposits during that period came from new  
5 NASI investors. But in that timeframe, NASI paid to existing investors at least  
6 \$2,044,050 in amounts owed under NASI's ATM sale and leaseback agreements.  
7 Accordingly, NASI's August and September investor payments from its new bank  
8 account were not funded by legitimate ATM transaction revenue, but instead by cash  
9 raised from new investors.

10 **E. Defendants' Roles in the Fraud**

11        53. At all relevant times, Defendant Gillis controlled NASI. Gillis formed  
12 and controls NASI. He has been identified in NASI written communications and a  
13 press release as NASI's president, and the man responsible for "running" NASI's  
14 operations.

15        54. Gillis is also a signatory to the Sales Agreements, Lease Agreements,  
16 and Addendums that NASI entered into with its investors. He is also a signatory on  
17 NASI's bank accounts; significantly, Defendant Gillis signed thousands of the  
18 investor checks since 2013 which constitute Ponzi scheme payments.

19        55. As a principal of NASI, Gillis's mental state is imputed to his company,  
20 Defendant NASI.

21        56. Gillis made direct misrepresentations to investors regarding NASI's  
22 ATM sale and leaseback investment opportunities, including meeting in-person with  
23 investors to solicit their investment.

24        57. Gillis knew, or was reckless in not knowing, that the false and  
25 misleading representations and omissions alleged herein were being made to  
26 investors about NASI's ATM sale and leaseback business. Gillis knew, or was  
27 reckless in not knowing, that NASI does not own or operate the tens of thousands of  
28 ATMs it claims to have sold and leased back from its investors, that NASI's real

1 ATM transaction revenue was only a minute part of the cash coming into the  
2 company, that instead, NASI's revenue was almost all comprised of new investor  
3 funds, and that NASI's payments to investors were Ponzi payments made with other  
4 investors' money.

5 58. On information and belief, in one case, a former NASI investor called  
6 the rural California hotel that Defendants said her ATM was located at. She learned  
7 that the hotel did not have an ATM on the premises and never had. She then  
8 contacted Gillis, and left a message to the effect of, "I know what you're doing. And  
9 I want my money back." The very next day, Gillis provided that investor with a  
10 cashier's check for the full amount of her investment. He asked her no questions.

11 59. At all relevant times, Defendant Wishner was NASI's vice president,  
12 treasurer and secretary. Wishner prepared NASI's tax returns. He is a signatory on  
13 NASI's bank accounts and typically signed the bulk of the checks written out of  
14 NASI's general account. He also signed dozens of investor checks written since  
15 August 2014 which constitute Ponzi scheme payments.

16 60. As a signatory to all of NASI's bank accounts and the NASI executive  
17 responsible for preparing its tax returns, Wishner knew, or was reckless in not  
18 knowing, that NASI's real ATM transaction revenue was only a minute part of the  
19 cash coming into the company, that instead, NASI's revenue was almost all  
20 comprised of new investor funds, and that NASI's payments to investors were Ponzi  
21 payments made with other investors' money.

22 61. Wishner also signed, on NASI's behalf, one of NASI's ATM  
23 management agreements with its third-party ATM service providers. These  
24 management agreements provided the only source of NASI's legitimate ATM  
25 transaction revenue.

26 62. As a principal of NASI, Wishner's mental state is imputed to his  
27 company. His mental state is also imputed to his affiliated entities, Relief Defendants  
28 Oasis Studio Rentals.

**FIRST CLAIM FOR RELIEF**

**Fraud in Connection With the Sale of Securities**

**Violations of Section 10(b) of the Exchange Act**

**and Rule 10b-5(b) Thereunder**

**(against Defendants NASI and Gillis as primary violators, and, alternatively,  
against Gillis as a control person under Section 20(a) of the Exchange Act)**

63. The SEC realleges and incorporates by reference paragraphs 1 through 62 above.

64. Defendants NASI and Gillis, by engaging in the conduct described above, directly or indirectly, in connection with the purchase or sale of a security, by the use of means or instrumentalities of interstate commerce, of the mails, or of the facilities of a national securities exchange, with scienter, made untrue statements of a material fact or omitted to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading

65. By engaging in the conduct described above, Defendants NASI and Gillis, violated, and unless restrained and enjoined will continue to violate, Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 thereunder, 17 C.F.R. § 240.10b-5.

66. Defendant Gillis was a control person of Defendant NASI because he possessed, directly or indirectly, the power to direct or cause the direction of the management and policies of each of these entities. Accordingly, pursuant to Section 20(a) of the Exchange Act, 15 U.S.C. § 78t(a), Defendant Gillis is liable to the SEC to the same extent as Defendant NASI for its violations of Section 10(b) and Rule 10b-5(b) thereunder.



**SECOND CLAIM FOR RELIEF**

**Fraud in the Offer and Sale of Securities**

**Violations of Section 17(a)(2) of the Securities Act**

**(against Defendants NASI and Gillis)**

67. The SEC realleges and incorporates by reference paragraphs 1 through 62 above.

68. Defendants NASI and Gillis, by engaging in the conduct described above, in the offer or sale of securities by the use of means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly, with scienter, obtained money or property by means of untrue statements of a material fact or by omitting to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

69. By engaging in the conduct described above, Defendants NASI and Gillis, violated, and unless restrained and enjoined will continue to violate, Section 17(a)(2) of the Securities Act, 15 U.S.C. § 77q(a)(2).

**THIRD CLAIM FOR RELIEF**

**Fraud in Connection With the Sale of Securities**

**Violations of Section 10(b) of the Exchange Act**

**and Rules 10b-5(a) and (c) Thereunder**

**(against all Defendants as primary violators, and, alternatively, against Gillis as a control person under Section 20(a) of the Exchange Act)**

70. The SEC realleges and incorporates by reference paragraphs 1 through 62 above.

71. Defendants, by engaging in the conduct described above, directly or indirectly, in connection with the purchase or sale of a security, by the use of means or instrumentalities of interstate commerce, of the mails, or of the facilities of a national securities exchange, with scienter:

- a. employed devices, schemes, or artifices to defraud; or
- b. engaged in acts, practices, or courses of business which operated or would operate as a fraud or deceit upon other persons.

72. By engaging in the conduct described above, Defendants violated, and unless restrained and enjoined will continue to violate, Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rules 10b-5(a) and (c) thereunder, 17 C.F.R. §§ 240.10b-5(a) & 240.10b-5(c).

73. Defendant Gillis was a control person of Defendant NASI because he possessed, directly or indirectly, the power to direct or cause the direction of the management and policies of each of these entities. Accordingly, pursuant to Section 20(a) of the Exchange Act, 15 U.S.C. § 78t(a), Defendant Gillis is liable to the SEC to the same extent as Defendant NASI for its violations of Section 10(b) and Rule 10b-5(a) and (c) thereunder.

#### **FOURTH CLAIM FOR RELIEF**

##### **Fraud in the Offer and Sale of Securities**

##### **Violations of Sections 17(a)(1) and (3) of the Securities Act\**

##### **(against all Defendants)**

74. The SEC realleges and incorporates by reference paragraphs 1 through 62 above.

75. Defendants, by engaging in the conduct described above, in the offer or sale of securities by the use of means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly

- a. with scienter, employed devices, schemes, or artifices to defraud; or
- b. engaged in transactions, practices, or courses of business which operated or would operate as a fraud or deceit upon the purchaser.

76. By engaging in the conduct described above, Defendants violated, and unless restrained and enjoined will continue to violate, Sections 17(a)(1) and (3) of

1 the Securities Act, 15 U.S.C. § 77q(a)(1) and (3).

2 **FIFTH CLAIM FOR RELIEF**

3 **Sale of Unregistered Securities**

4 **Violations of Sections 5(a) and 5(c) of the Securities Act**

5 **(against Defendants NASI and Gillis)**

6 77. The SEC realleges and incorporates by reference paragraphs 1 through  
7 62 above.

8 78. Defendants NASI and Gillis, by engaging in the conduct described  
9 above, directly or indirectly, made use of means or instruments or transportation or  
10 communication in interstate commerce or of the mails, to offer to sell or to sell  
11 securities, or to carry or cause such securities to be carried through the mails or in  
12 interstate commerce for the purpose of sale or for delivery after sale.

13 79. No registration statement has been filed with the SEC or has been in  
14 effect with respect to any of the offerings alleged herein, and no exemption from  
15 registration applies.

16 80. By engaging in the conduct described above, Defendants NASI and  
17 Gillis have violated, and unless restrained and enjoined will continue to violate,  
18 Sections 5(a) and 5(c) of the Securities Act, 15 U.S.C. §§ 77e(a) and 77e(c).

19 **PRAYER FOR RELIEF**

20 WHEREFORE, the SEC respectfully requests that the Court:

21 **I.**

22 Issue findings of fact and conclusions of law that Defendants committed the  
23 alleged violations.

24 **II.**

25 Issue judgments, in forms consistent with Fed. R. Civ. P. 65(d), temporarily,  
26 preliminarily and permanently enjoining Defendants, and their agents, servants,  
27 employees, and attorneys, and those persons in active concert or participation with  
28 any of them, who receive actual notice of the judgment by personal service or

1 otherwise, and each of them, from violating Section 17(a) of the Securities Act, 15  
2 U.S.C. § 77q(a), Section 10(b) of the Exchange Act, 15 U.S.C. §§ 78j(b), and Rule  
3 10b-5 thereunder, 17 C.F.R. § 240.10b-5, Sections 5(a) and 5(c) of the Securities Act,  
4 15 U.S.C. §§ 77e(a) and 77e(c), and Section 20(a) of the Exchange Act, 15 U.S.C. §  
5 78t(a).

6 **III.**

7 Issue, in a form consistent with Fed. R. Civ. P. 65, a temporary restraining  
8 order and a preliminary injunction against all Defendants, freezing the assets of  
9 Defendants Gillis, Wishner, NASI, and their respective affiliates, and freezing the  
10 assets of Relief Defendants Oasis Studio Rentals, LLC, traceable to the fraud;  
11 prohibiting all Defendants from destroying documents; granting expedited discovery;  
12 requiring accountings from Defendants; and appointing a Receiver over NASI and its  
13 respective affiliates.

14 **IV.**

15 Order Defendants and Relief Defendants to disgorge all ill-gotten gains they  
16 received, together with prejudgment interest thereon.

17 **V.**

18 Order Defendants to pay civil penalties under Section 20(d) of the Securities  
19 Act, 15 U.S.C. § 77t(d), and Section 21(d)(3) of the Exchange Act, 15 U.S.C. §  
20 78u(d)(3).

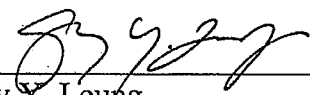
21 **VI.**

22 Retain jurisdiction of this action in accordance with the principles of equity and  
23 the Federal Rules of Civil Procedure in order to implement and carry out the terms of  
24 all orders and decrees that may be entered, or to entertain any suitable application or  
25 motion for additional relief within the jurisdiction of this Court.  
26  
27  
28

VII.

Grant such other and further relief as this Court may determine to be just and necessary.

Dated: September 17, 2014

  
\_\_\_\_\_  
Gary Y. Leung  
Peter F. Del Greco  
Attorneys for Plaintiff  
Securities and Exchange Commission

UNITED STATES DISTRICT COURT, CENTRAL DISTRICT OF CALIFORNIA  
CIVIL COVER SHEET

ORIGINAL

<b>I. (a) PLAINTIFFS</b> ( Check box if you are representing yourself <input type="checkbox"/> )  SECURITIES AND EXCHANGE COMMISSION	<b>DEFENDANTS</b> ( Check box if you are representing yourself <input type="checkbox"/> )  NATIONWIDE AUTOMATED SYSTEMS, INC., JOEL GILLIS, and EDWARD WISHNER, and Relief Defendants OASIS STUDIO RENTALS, LLC, OASIS STUDIO RENTALS #2, LLC AND OASIS STUDIO RENTALS #3, LLC
(b) County of Residence of First Listed Plaintiff (EXCEPT IN U.S. PLAINTIFF CASES)	County of Residence of First Listed Defendant Los Angeles (IN U.S. PLAINTIFF CASES ONLY)
(c) Attorneys (Firm Name, Address and Telephone Number) If you are representing yourself, provide the same information.  Gary Y. Leung, Peter F. Del Greco, U.S. Securities and Exchange Commission, 5670 Wilshire Blvd., 11th floor, Los Angeles, CA 90036 (323) 965-3998	Attorneys (Firm Name, Address and Telephone Number) If you are representing yourself, provide the same information.

<b>II. BASIS OF JURISDICTION</b> (Place an X in one box only.)  <input checked="" type="checkbox"/> 1. U.S. Government Plaintiff <input type="checkbox"/> 2. U.S. Government Defendant <input type="checkbox"/> 3. Federal Question (U.S. Government Not a Party) <input type="checkbox"/> 4. Diversity (Indicate Citizenship of Parties in Item III)	<b>III. CITIZENSHIP OF PRINCIPAL PARTIES</b> -For Diversity Cases Only (Place an X in one box for plaintiff and one for defendant) <table border="1"><thead><tr><th></th><th>PTF</th><th>DEF</th><th></th><th>PTF</th><th>DEF</th></tr></thead><tbody><tr><td>Citizen of This State</td><td><input type="checkbox"/> 1</td><td><input type="checkbox"/> 1</td><td>Incorporated or Principal Place of Business in this State</td><td><input type="checkbox"/> 4</td><td><input type="checkbox"/> 4</td></tr><tr><td>Citizen of Another State</td><td><input type="checkbox"/> 2</td><td><input type="checkbox"/> 2</td><td>Incorporated and Principal Place of Business in Another State</td><td><input type="checkbox"/> 5</td><td><input type="checkbox"/> 5</td></tr><tr><td>Citizen or Subject of a Foreign Country</td><td><input type="checkbox"/> 3</td><td><input type="checkbox"/> 3</td><td>Foreign Nation</td><td><input type="checkbox"/> 6</td><td><input type="checkbox"/> 6</td></tr></tbody></table>		PTF	DEF		PTF	DEF	Citizen of This State	<input type="checkbox"/> 1	<input type="checkbox"/> 1	Incorporated or Principal Place of Business in this State	<input type="checkbox"/> 4	<input type="checkbox"/> 4	Citizen of Another State	<input type="checkbox"/> 2	<input type="checkbox"/> 2	Incorporated and Principal Place of Business in Another State	<input type="checkbox"/> 5	<input type="checkbox"/> 5	Citizen or Subject of a Foreign Country	<input type="checkbox"/> 3	<input type="checkbox"/> 3	Foreign Nation	<input type="checkbox"/> 6	<input type="checkbox"/> 6
	PTF	DEF		PTF	DEF																				
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Citizen or Subject of a Foreign Country	<input type="checkbox"/> 3	<input type="checkbox"/> 3	Foreign Nation	<input type="checkbox"/> 6	<input type="checkbox"/> 6																				

<b>IV. ORIGIN</b> (Place an X in one box only.) <input checked="" type="checkbox"/> 1. Original Proceeding <input type="checkbox"/> 2. Removed from State Court <input type="checkbox"/> 3. Remanded from Appellate Court <input type="checkbox"/> 4. Reinstated or Reopened <input type="checkbox"/> 5. Transferred from Another District (Specify) <input type="checkbox"/> 6. Multi-District Litigation
--

<b>V. REQUESTED IN COMPLAINT: JURY DEMAND:</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No (Check "Yes" only if demanded in complaint.)
<b>CLASS ACTION under F.R.Cv.P. 23:</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <b>MONEY DEMANDED IN COMPLAINT:</b> \$ Unspecified amount

**VI. CAUSE OF ACTION** (Cite the U.S. Civil Statute under which you are filing and write a brief statement of cause. Do not cite jurisdictional statutes unless diversity.) Sections 20(b), 20(d)(1) and 22(a) of the Securities Act of 1933, 15 U.S.C. §§ 77t(b), 77t(d)(1) & 77v(a), and Sections 21(d)(1), 21(d)(3)(A), 21(e) and 27(a) of the Securities Exchange Act of 1934, 15 U.S.C. §§ 78u(d)(1), 78u(d)(3)(A), 78u(e) & 78aa(a). This matter concerns an ongoing Ponzi scheme involving the sale and leaseback of ATMs.

**VII. NATURE OF SUIT** (Place an X in one box only).

OTHER STATUTES	CONTRACT	REAL PROPERTY CONT.	IMMIGRATION	PRISONER PETITIONS	PROPERTY RIGHTS
<input type="checkbox"/> 375 False Claims Act <input type="checkbox"/> 400 State Reapportionment <input type="checkbox"/> 410 Antitrust <input type="checkbox"/> 430 Banks and Banking <input type="checkbox"/> 450 Commerce/ICC Rates/Etc. <input type="checkbox"/> 460 Deportation <input type="checkbox"/> 470 Racketeer Influenced & Corrupt Org. <input type="checkbox"/> 480 Consumer Credit <input type="checkbox"/> 490 Cable/Sat TV <input checked="" type="checkbox"/> 850 Securities/Commodities/Exchange <input type="checkbox"/> 890 Other Statutory Actions <input type="checkbox"/> 891 Agricultural Acts <input type="checkbox"/> 893 Environmental Matters <input type="checkbox"/> 895 Freedom of Info. Act <input type="checkbox"/> 896 Arbitration <input type="checkbox"/> 899 Admin. Procedures Act/Review of Appeal of Agency Decision <input type="checkbox"/> 950 Constitutionality of State Statutes	<input type="checkbox"/> 110 Insurance <input type="checkbox"/> 120 Marine <input type="checkbox"/> 130 Miller Act <input type="checkbox"/> 140 Negotiable Instrument <input type="checkbox"/> 150 Recovery of Overpayment & Enforcement of Judgment <input type="checkbox"/> 151 Medicare Act <input type="checkbox"/> 152 Recovery of Defaulted Student Loan (Excl. Vet.) <input type="checkbox"/> 153 Recovery of Overpayment of Vet. Benefits <input type="checkbox"/> 160 Stockholders' Suits <input type="checkbox"/> 190 Other Contract <input type="checkbox"/> 195 Contract Product Liability <input type="checkbox"/> 196 Franchise <b>REAL PROPERTY</b> <input type="checkbox"/> 210 Land Condemnation <input type="checkbox"/> 220 Foreclosure <input type="checkbox"/> 230 Rent Lease & Ejectment	<input type="checkbox"/> 240 Torts to Land <input type="checkbox"/> 245 Tort Product Liability <input type="checkbox"/> 290 All Other Real Property <b>TORTS</b> <b>PERSONAL INJURY</b> <input type="checkbox"/> 310 Airplane <input type="checkbox"/> 315 Airplane Product Liability <input type="checkbox"/> 320 Assault, Libel & Slander <input type="checkbox"/> 330 Fed. Employers' Liability <input type="checkbox"/> 340 Marine <input type="checkbox"/> 345 Marine Product Liability <input type="checkbox"/> 350 Motor Vehicle <input type="checkbox"/> 355 Motor Vehicle Product Liability <input type="checkbox"/> 360 Other Personal Injury <input type="checkbox"/> 362 Personal Injury-Med Malpractice <input type="checkbox"/> 365 Personal Injury-Product Liability <input type="checkbox"/> 367 Health Care/Pharmaceutical Personal Injury Product Liability <input type="checkbox"/> 368 Asbestos Personal Injury Product Liability	<input type="checkbox"/> 462 Naturalization Application <input type="checkbox"/> 465 Other Immigration Actions <b>TORTS</b> <b>PERSONAL PROPERTY</b> <input type="checkbox"/> 370 Other Fraud <input type="checkbox"/> 371 Truth in Lending <input type="checkbox"/> 380 Other Personal Property Damage <input type="checkbox"/> 385 Property Damage Product Liability <b>BANKRUPTCY</b> <input type="checkbox"/> 422 Appeal 28 USC 158 <input type="checkbox"/> 423 Withdrawal 28 USC 157 <b>CIVIL RIGHTS</b> <input type="checkbox"/> 440 Other Civil Rights <input type="checkbox"/> 441 Voting <input type="checkbox"/> 442 Employment <input type="checkbox"/> 443 Housing/Accommodations <input type="checkbox"/> 445 American with Disabilities-Employment <input type="checkbox"/> 446 American with Disabilities-Other <input type="checkbox"/> 448 Education	<b>Habeas Corpus:</b> <input type="checkbox"/> 463 Alien Detainee <input type="checkbox"/> 510 Motions to Vacate Sentence <input type="checkbox"/> 530 General <input type="checkbox"/> 535 Death Penalty <b>Other</b> <input type="checkbox"/> 540 Mandamus/Other <input type="checkbox"/> 550 Civil Rights <input type="checkbox"/> 555 Prison Condition <input type="checkbox"/> 560 Civil Detainee Conditions of Confinement <b>FORFEITURE/PENALTY</b> <input type="checkbox"/> 625 Drug Related Seizure of Property 21 USC 881 <input type="checkbox"/> 690 Other <b>LABOR</b> <input type="checkbox"/> 710 Fair Labor Standards Act <input type="checkbox"/> 720 Labor/Mgmt. Relations <input type="checkbox"/> 740 Railway Labor Act <input type="checkbox"/> 751 Family and Medical Leave Act <input type="checkbox"/> 790 Other Labor Litigation <input type="checkbox"/> 791 Employee Ret. Inc. Security Act	<input type="checkbox"/> 820 Copyrights <input type="checkbox"/> 830 Patent <input type="checkbox"/> 840 Trademark <b>SOCIAL SECURITY</b> <input type="checkbox"/> 861 HIA (1395ff) <input type="checkbox"/> 862 Black Lung (923) <input type="checkbox"/> 863 DIWC/DIWW (405 (g)) <input type="checkbox"/> 864 SSID Title XVI <input type="checkbox"/> 865 RSI (405 (g)) <b>FEDERAL TAX SUITS</b> <input type="checkbox"/> 870 Taxes (U.S. Plaintiff or Defendant) <input type="checkbox"/> 871 IRS-Third Party 26 USC 7609

FOR OFFICE USE ONLY:

Case Number

CV 14 07249

CV-71 (06/14)

CIVIL COVER SHEET

Page 1 of 3

**UNITED STATES DISTRICT COURT, CENTRAL DISTRICT OF CALIFORNIA  
CIVIL COVER SHEET**

**VIII. VENUE:** Your answers to the questions below will determine the division of the Court to which this case will be initially assigned. This initial assignment is subject to change, in accordance with the Court's General Orders, upon review by the Court of your Complaint or Notice of Removal.

<b>QUESTION A: Was this case removed from state court?</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No  If "no," skip to Question B. If "yes," check the box to the right that applies, enter the corresponding division in response to Question E, below, and continue from there.	<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <th style="text-align: center;">STATE CASE WAS PENDING IN THE COUNTY OF</th> <th style="text-align: center;">INITIAL DIVISION IN CACD IS</th> </tr> <tr> <td><input type="checkbox"/> Los Angeles, Ventura, Santa Barbara, or San Luis Obispo</td> <td style="text-align: center;">Western</td> </tr> <tr> <td><input type="checkbox"/> Orange</td> <td style="text-align: center;">Southern</td> </tr> <tr> <td><input type="checkbox"/> Riverside or San Bernardino</td> <td style="text-align: center;">Eastern</td> </tr> </table>	STATE CASE WAS PENDING IN THE COUNTY OF	INITIAL DIVISION IN CACD IS	<input type="checkbox"/> Los Angeles, Ventura, Santa Barbara, or San Luis Obispo	Western	<input type="checkbox"/> Orange	Southern	<input type="checkbox"/> Riverside or San Bernardino	Eastern	
STATE CASE WAS PENDING IN THE COUNTY OF	INITIAL DIVISION IN CACD IS									
<input type="checkbox"/> Los Angeles, Ventura, Santa Barbara, or San Luis Obispo	Western									
<input type="checkbox"/> Orange	Southern									
<input type="checkbox"/> Riverside or San Bernardino	Eastern									
<b>QUESTION B: Is the United States, or one of its agencies or employees, a PLAINTIFF in this action?</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No  If "no," skip to Question C. If "yes," answer Question B.1, at right.	<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width:50%; vertical-align: top;"> <b>B.1. Do 50% or more of the defendants who reside in the district reside in Orange Co.?</b>   <i>check one of the boxes to the right</i> →         </td> <td style="width:50%; vertical-align: top;">           YES. Your case will initially be assigned to the Southern Division.  <input type="checkbox"/> Enter "Southern" in response to Question E, below, and continue from there.   <input checked="" type="checkbox"/> NO. Continue to Question B.2.         </td> </tr> <tr> <td style="vertical-align: top;"> <b>B.2. Do 50% or more of the defendants who reside in the district reside in Riverside and/or San Bernardino Counties? (Consider the two counties together.)</b>   <i>check one of the boxes to the right</i> →         </td> <td style="vertical-align: top;">           YES. Your case will initially be assigned to the Eastern Division.  <input type="checkbox"/> Enter "Eastern" in response to Question E, below, and continue from there.             NO. Your case will initially be assigned to the Western Division.  <input checked="" type="checkbox"/> Enter "Western" in response to Question E, below, and continue from there.         </td> </tr> </table>	<b>B.1. Do 50% or more of the defendants who reside in the district reside in Orange Co.?</b>  <i>check one of the boxes to the right</i> →	YES. Your case will initially be assigned to the Southern Division. <input type="checkbox"/> Enter "Southern" in response to Question E, below, and continue from there.  <input checked="" type="checkbox"/> NO. Continue to Question B.2.	<b>B.2. Do 50% or more of the defendants who reside in the district reside in Riverside and/or San Bernardino Counties? (Consider the two counties together.)</b>  <i>check one of the boxes to the right</i> →	YES. Your case will initially be assigned to the Eastern Division. <input type="checkbox"/> Enter "Eastern" in response to Question E, below, and continue from there.  NO. Your case will initially be assigned to the Western Division. <input checked="" type="checkbox"/> Enter "Western" in response to Question E, below, and continue from there.					
<b>B.1. Do 50% or more of the defendants who reside in the district reside in Orange Co.?</b>  <i>check one of the boxes to the right</i> →	YES. Your case will initially be assigned to the Southern Division. <input type="checkbox"/> Enter "Southern" in response to Question E, below, and continue from there.  <input checked="" type="checkbox"/> NO. Continue to Question B.2.									
<b>B.2. Do 50% or more of the defendants who reside in the district reside in Riverside and/or San Bernardino Counties? (Consider the two counties together.)</b>  <i>check one of the boxes to the right</i> →	YES. Your case will initially be assigned to the Eastern Division. <input type="checkbox"/> Enter "Eastern" in response to Question E, below, and continue from there.  NO. Your case will initially be assigned to the Western Division. <input checked="" type="checkbox"/> Enter "Western" in response to Question E, below, and continue from there.									
<b>QUESTION C: Is the United States, or one of its agencies or employees, a DEFENDANT in this action?</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No  If "no," skip to Question D. If "yes," answer Question C.1, at right.	<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width:50%; vertical-align: top;"> <b>C.1. Do 50% or more of the plaintiffs who reside in the district reside in Orange Co.?</b>   <i>check one of the boxes to the right</i> →         </td> <td style="width:50%; vertical-align: top;">           YES. Your case will initially be assigned to the Southern Division.  <input type="checkbox"/> Enter "Southern" in response to Question E, below, and continue from there.   <input type="checkbox"/> NO. Continue to Question C.2.         </td> </tr> <tr> <td style="vertical-align: top;"> <b>C.2. Do 50% or more of the plaintiffs who reside in the district reside in Riverside and/or San Bernardino Counties? (Consider the two counties together.)</b>   <i>check one of the boxes to the right</i> →         </td> <td style="vertical-align: top;">           YES. Your case will initially be assigned to the Eastern Division.  <input type="checkbox"/> Enter "Eastern" in response to Question E, below, and continue from there.             NO. Your case will initially be assigned to the Western Division.  <input type="checkbox"/> Enter "Western" in response to Question E, below, and continue from there.         </td> </tr> </table>	<b>C.1. Do 50% or more of the plaintiffs who reside in the district reside in Orange Co.?</b>  <i>check one of the boxes to the right</i> →	YES. Your case will initially be assigned to the Southern Division. <input type="checkbox"/> Enter "Southern" in response to Question E, below, and continue from there.  <input type="checkbox"/> NO. Continue to Question C.2.	<b>C.2. Do 50% or more of the plaintiffs who reside in the district reside in Riverside and/or San Bernardino Counties? (Consider the two counties together.)</b>  <i>check one of the boxes to the right</i> →	YES. Your case will initially be assigned to the Eastern Division. <input type="checkbox"/> Enter "Eastern" in response to Question E, below, and continue from there.  NO. Your case will initially be assigned to the Western Division. <input type="checkbox"/> Enter "Western" in response to Question E, below, and continue from there.					
<b>C.1. Do 50% or more of the plaintiffs who reside in the district reside in Orange Co.?</b>  <i>check one of the boxes to the right</i> →	YES. Your case will initially be assigned to the Southern Division. <input type="checkbox"/> Enter "Southern" in response to Question E, below, and continue from there.  <input type="checkbox"/> NO. Continue to Question C.2.									
<b>C.2. Do 50% or more of the plaintiffs who reside in the district reside in Riverside and/or San Bernardino Counties? (Consider the two counties together.)</b>  <i>check one of the boxes to the right</i> →	YES. Your case will initially be assigned to the Eastern Division. <input type="checkbox"/> Enter "Eastern" in response to Question E, below, and continue from there.  NO. Your case will initially be assigned to the Western Division. <input type="checkbox"/> Enter "Western" in response to Question E, below, and continue from there.									
<b>QUESTION D: Location of plaintiffs and defendants?</b>  Indicate the location(s) in which 50% or more of <i>plaintiffs who reside in this district</i> reside. (Check up to two boxes, or leave blank if none of these choices apply.)  Indicate the location(s) in which 50% or more of <i>defendants who reside in this district</i> reside. (Check up to two boxes, or leave blank if none of these choices apply.)	<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <th style="width:33%; text-align: center;">A. Orange County</th> <th style="width:33%; text-align: center;">B. Riverside or San Bernardino County</th> <th style="width:33%; text-align: center;">C. Los Angeles, Ventura, Santa Barbara, or San Luis Obispo County</th> </tr> <tr> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> </tr> <tr> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> </tr> </table>	A. Orange County	B. Riverside or San Bernardino County	C. Los Angeles, Ventura, Santa Barbara, or San Luis Obispo County	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
A. Orange County	B. Riverside or San Bernardino County	C. Los Angeles, Ventura, Santa Barbara, or San Luis Obispo County								
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>								
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>								
<b>D.1. Is there at least one answer in Column A?</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No  If "yes," your case will initially be assigned to the SOUTHERN DIVISION. Enter "Southern" in response to Question E, below, and continue from there.  If "no," go to question D2 to the right. →	<b>D.2. Is there at least one answer in Column B?</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No  If "yes," your case will initially be assigned to the EASTERN DIVISION. Enter "Eastern" in response to Question E, below.  If "no," your case will be assigned to the WESTERN DIVISION. Enter "Western" in response to Question E, below. ↓									
<b>QUESTION E: Initial Division?</b>  Enter the initial division determined by Question A, B, C, or D above: →	<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <th style="text-align: center;">INITIAL DIVISION IN CACD</th> </tr> <tr> <td style="text-align: center;">Western</td> </tr> </table>	INITIAL DIVISION IN CACD	Western							
INITIAL DIVISION IN CACD										
Western										
<b>QUESTION F: Northern Counties?</b>  Do 50% or more of plaintiffs or defendants in this district reside in Ventura, Santa Barbara, or San Luis Obispo counties? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No										

UNITED STATES DISTRICT COURT, CENTRAL DISTRICT OF CALIFORNIA  
CIVIL COVER SHEET

IX(a). IDENTICAL CASES: Has this action been previously filed in this court?

☒ NO☐ YES

If yes, list case number(s): \_\_\_\_\_

IX(b). RELATED CASES: Is this case related (as defined below) to any cases previously filed in this court?

☒ NO☐ YES

If yes, list case number(s): \_\_\_\_\_

Civil cases are related when they:

- ☐ A. Arise from the same or closely related transactions, happening, or event;
- ☐ B. Call for determination of the same or substantially related or similar questions of law and fact; or
- ☐ C. For other reasons would entail substantial duplication of labor if heard by different judges.

Check all boxes that apply. That cases may involve the same patent, trademark, or copyright is not, in itself, sufficient to deem cases related.

## X. SIGNATURE OF ATTORNEY

(OR SELF-REPRESENTED LITIGANT):

DATE: September 17, 2014

**Notice to Counsel/Parties:** The submission of this Civil Cover Sheet is required by Local Rule 3-1. This Form CV-71 and the information contained herein neither replaces nor supplements the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. For more detailed instructions, see separate instruction sheet (CV-071A).

## Key to Statistical codes relating to Social Security Cases:

Nature of Suit Code	Abbreviation	Substantive Statement of Cause of Action
861	HIA	All claims for health insurance benefits (Medicare) under Title 18, Part A, of the Social Security Act, as amended. Also, include claims by hospitals, skilled nursing facilities, etc., for certification as providers of services under the program. (42 U.S.C. 1935FF(b))
862	BL	All claims for "Black Lung" benefits under Title 4, Part B, of the Federal Coal Mine Health and Safety Act of 1969. (30 U.S.C. 923)
863	DIWC	All claims filed by insured workers for disability insurance benefits under Title 2 of the Social Security Act, as amended; plus all claims filed for child's insurance benefits based on disability. (42 U.S.C. 405 (g))
863	DIWW	All claims filed for widows or widowers insurance benefits based on disability under Title 2 of the Social Security Act, as amended. (42 U.S.C. 405 (g))
864	SSID	All claims for supplemental security income payments based upon disability filed under Title 16 of the Social Security Act, as amended.
865	RSI	All claims for retirement (old age) and survivors benefits under Title 2 of the Social Security Act, as amended. (42 U.S.C. 405 (g))