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CENTRAL DISTRICT OF CALIF.  
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UNITED STATES DISTRICT COURT  
FOR THE CENTRAL DISTRICT OF CALIFORNIA

UNITED STATES OF AMERICA,  
  
Plaintiff,  
  
v.  
  
JOEL BARRY GILLIS and  
EDWARD WISHNER,  
  
Defendants.

CR No. 14 **CR 14 00712**

I N F O R M A T I O N

[18 U.S.C. § 1341: Mail Fraud;  
18 U.S.C. § 1343: Wire Fraud;  
18 U.S.C. § 1349: Conspiracy;  
18 U.S.C. § 2: Aiding and Abetting  
and Causing an Act to be Done]

The United States Attorney charges:

COUNT ONE

[18 U.S.C. § 1349]

**A. INTRODUCTORY ALLEGATIONS**

Unless otherwise specified, at all times relevant to this  
Information:

1. Nationwide Automated Systems, Inc. ("NASI") was a  
California corporation that operated out of its principal office in  
Calabasas, California, within the Central District of California.  
NASI was incorporated in 1996 and held itself out to the investing  
public as being in the business of placing, operating, and

*RAK*

1 maintaining automated teller machines ("ATM"s). NASI described  
2 itself as "an ATM machine provider" that worked with high-traffic  
3 retail locations, hotels, casinos, and convenience stores, located  
4 throughout the United States. NASI touted that it operated with over  
5 80 branches and was affiliated with 1000 certified technicians on  
6 standby, and further claimed that it serviced more than \$1 billion in  
7 ATM transactions per month.

8 2. Defendant JOEL BARRY GILLIS ("defendant GILLIS") was a  
9 resident of Woodland Hills, California, within the Central District  
10 of California. Defendant GILLIS was the founder and president of  
11 NASI and a signatory on its bank accounts. According to press  
12 reports issued by NASI, defendant GILLIS was in charge of NASI and  
13 was principally responsible for running its business operations.

14 3. Defendant EDWARD WISHNER ("defendant WISHNER") was a  
15 resident of Woodland Hills, California. Defendant WISHNER was the  
16 treasurer, vice-president, and secretary of NASI and a signatory on  
17 its bank accounts. Defendant WISHNER also prepared NASI's tax  
18 returns.

19 **B. THE OBJECTS OF THE CONSPIRACY**

20 4. Beginning as early as in or about 1999, and continuing to  
21 in or about September 2014, in Los Angeles County, within the Central  
22 District of California, and elsewhere, defendants GILLIS and WISHNER,  
23 together with unindicted co-conspirator NASI, and others known and  
24 unknown to the United States Attorney, knowingly combined, conspired,  
25 and agreed to commit the following offenses against the United  
26 States: (1) mail fraud, in violation of Title 18, United States Code,  
27 Section 1341; and (2) wire fraud, in violation of Title 18, United  
28 States Code, Section 1343.

1 C. THE MANNER AND MEANS OF THE CONSPIRACY

2 5. The objects of the conspiracy were carried out, and to be  
3 carried out, in substance, as follows:

4 a. Defendants GILLIS and WISHNER, and unindicted co-  
5 conspirator NASI, acting in concert with co-conspirators known and  
6 unknown to the United States Attorney and through agents of NASI,  
7 would solicit funds from victim-investors by purporting to sell them  
8 ATMs through NASI's ATM sale/leaseback program, using a standard  
9 package of agreements, comprised of the following: (1) an ATM  
10 Equipment Purchase Agreement ("Purchase Agreement");  
11 (2) an ATM Equipment Lease Agreement ("Lease Agreement"); and (3) an  
12 Addendum to Owner Lease Agreement ("Addendum"). These three  
13 agreements were typically provided to victim-investors by NASI and  
14 executed at or around the same time by individual victim-investors,  
15 with defendant GILLIS signing on behalf of NASI.

16 b. Under the terms of the Purchase Agreement, victim-  
17 investors paid a flat amount - typically \$12,000, but in some cases  
18 as much as \$19,800 per ATM - to buy one or more ATMs, all of which  
19 were to be identified in an exhibit ("Exhibit A") to the contract by  
20 both "serial number" and by the name of the location to which the  
21 ATMs were purportedly to be delivered. In exchange for the victim-  
22 investors' payments, NASI, as the supposed "seller" of the ATMs,  
23 agreed to deliver the ATMs purportedly purchased by the victim-  
24 investor to the location specified by the agreement within 60 days.

25 c. Under the terms of the Lease Agreement, victim-  
26 investors leased the ATMs they had purchased back to NASI for an  
27 initial 10-year term. The Lease Agreement provided that NASI would  
28 be responsible for operating and maintaining the ATMs and providing

1 all the services necessary for this purpose, including processing and  
2 accounting for all ATM transactions; obtaining, delivering, and  
3 loading cash for the ATMs; and repairing, maintaining, and servicing  
4 the ATMs. The Lease Agreement further provided that NASI was  
5 obligated to pay a monthly rent to the victim-investor in an amount  
6 equal to \$.50 for each "approved transaction" produced by the ATMs  
7 during the covered month for the term of the lease.

8 d. The Lease Agreement also included a "non-interference"  
9 provision, pursuant to which the victim-investor was required to  
10 agree "not to interfere" with the operation of the ATMs by NASI in  
11 any manner, including, but not limited to, not contacting the  
12 locations where the ATMs were purportedly placed and installed and  
13 not contacting any service providers purportedly under contract with  
14 NASI to assist in the operation of such ATMs.

15 e. Finally, the Addendum to the Lease Agreement modified  
16 NASI's rent obligation by guaranteeing NASI's payment of a monthly  
17 check to victim-investors equal to a 20% annual rate of return on the  
18 victim-investors' initial investment. NASI guaranteed this 20%  
19 annual rate of return even if the number of transactions produced by  
20 the victim-investor's ATM was insufficient to provide, at the \$.50  
21 per transaction rate, a 20% annual rate of return. The Addendum also  
22 modified the 10-year lease term provided for in the Lease Agreement  
23 by granting the victim-investor the right, after only two years, to  
24 sell their ATMs back to NASI at their original purchase price at any  
25 time, thereby recovering their original investment in full.

26 f. In marketing NASI's ATM sale/leaseback program to  
27 victim-investors, defendants GILLIS and WISHNER would tout NASI's  
28 purportedly lengthy track record of delivering profitable returns for

1 investors through their management, servicing, and collection of  
2 transaction fees from tens of thousands of ATMs that NASI either  
3 separately owned or had leased back from investors. Defendants  
4 GILLIS and WISHNER routinely claimed that the ATM locations acquired  
5 by NASI were strong performers, and that many of the ATMs installed  
6 in those areas yielded transaction revenue well in excess of the 20%  
7 annual rate of return guaranteed by NASI. Defendants GILLIS and  
8 unindicted co-conspirator NASI also encouraged prospective victim-  
9 investors to invest in NASI's sale/leaseback program by periodically  
10 representing that NASI had "secured" a new round of favorable ATM  
11 store locations, but that because opportunities were limited,  
12 interested investors needed to act quickly. Finally, defendants  
13 GILLIS and WISHNER, and NASI sales agents acting at their direction,  
14 urged a number of prospective victim-investors to roll their IRA  
15 saving accounts into NASI's sale/leaseback program by claiming that  
16 investments in NASI's sale/leaseback program would outperform most  
17 traditional retirement investment accounts.

18 g. Each month, defendants GILLIS and WISHNER would cause  
19 monthly transaction reports to be sent to the victim-investors that  
20 purportedly detailed the performance of the ATMs that the victim-  
21 investors owned. The reported number of transactions of each of the  
22 ATMs supposedly formed the financial basis for the monthly payments  
23 that NASI sent to the victim-investors. In truth and in fact, as  
24 defendants GILLIS and WISHNER then well knew, the purpose of these  
25 reports was to falsely confirm to the victim-investors that the  
26 payments they were receiving from NASI were being generated by the  
27 high-yield transaction fees earned by their particular ATMs, and to  
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1 conceal that the payments were, in fact, Ponzi payments funded by  
2 monies received from other victim-investors.

3 h. As defendants GILLIS and WISHNER then well knew, the  
4 Purchase Agreement, Lease Agreement, and Addendum packages that NASI  
5 entered into with its victim-investors were a sham, and NASI's  
6 promises and representations to its victim-investors in connection  
7 with its purported sale and leaseback of ATMs were materially false  
8 and misleading. In truth and in fact, as defendants GILLIS and  
9 WISHNER then well knew, NASI typically did not sell and lease back  
10 the ATM machines it purported to sell to its victim-investors, and  
11 the serial numbers and the installation locations of the ATMs that  
12 were specified on the Exhibits A to the victim-investors' Purchase  
13 Agreements were fabricated by defendant GILLIS and by NASI to create  
14 the false impression that NASI was selling actual ATMs that were  
15 installed in favorable locations throughout the United States. As  
16 defendants GILLIS and WISHNER also then well knew, NASI did not own  
17 or operate the approximately 31,000 ATMs that it claimed to have sold  
18 and leased back from its victim-investors, nor did it generate any  
19 transaction fees or revenue from the ATMs it purportedly leased back  
20 from investors and supposedly installed in favorable locations.

21 i. In truth and in fact, defendants GILLIS and WISHNER  
22 operated NASI as a Ponzi scheme, in which the vast majority of its  
23 incoming revenue was comprised of victim-investor funds, which  
24 defendants GILLIS and WISHNER used to pay returns to prior victim-  
25 investors, finance NASI's operations, and pay compensation to  
26 themselves and to NASI's sales agents and employees. While NASI did  
27 purchase a relatively small number (approximately 240) of ATMs, which  
28 generated some net revenue paid to NASI through two ATM service

1 providers, these machines were generally owned by NASI and were not  
2 sold to, or leased back, from investors. The true purpose of this  
3 part of NASI's business was to maintain the false and misleading  
4 impression that NASI was a legitimate ATM servicer and provider  
5 capable of sustaining the fraudulent sale leaseback model presented  
6 to victim-investors. In truth and in fact, not only were the tens of  
7 thousands of ATMs that defendants GILLIS and WISHNER purported to  
8 sell to, and lease back from, NASI victim-investors never owned or  
9 operated by NASI, in the vast majority of cases these ATMs never even  
10 actually existed, as defendants GILLIS and WISHNER then well knew.  
11 Indeed, in several instances, NASI purported to sell the same non-  
12 existent ATMs located in a particular location to multiple victim-  
13 investors, notwithstanding that NASI never owned nor leased back any  
14 of the ATMs installed at the locations identified on the Purchase and  
15 Lease Agreements.

16 j. By means of the false and fraudulent pretenses,  
17 misrepresentations, and promises identified above, and others,  
18 defendants GILLIS and WISHNER would cause victim-investors to send  
19 money to NASI using the United States mails and commercial interstate  
20 carriers and by means of interstate wirings, which money the victim-  
21 investors believed was being used to purchase ATMs as part of NASI's  
22 ATM sale/leaseback program.

23 k. In furtherance of their fraudulent investment scheme,  
24 defendants GILLIS and WISHNER would cause co-conspirator NASI to send  
25 to the victim-investors, using the United States mail, false monthly  
26 transaction reports for the ATMs purportedly owned by the victim-  
27 investors. These monthly transaction reports set out in detail the  
28 fabricated ATM transaction fees supposedly generated by the non-

1 existent ATMs that NASI had purportedly sold to and leased back from  
2 the victim-investors.

3           1. In addition, defendants GILLIS and WISHNER would  
4 prevent victim-investors from discovering that NASI's sale/leaseback  
5 program was a Ponzi scheme by including the "non-interference"  
6 provision in the NASI Lease Agreements. Pursuant to this provision,  
7 victim-investors were contractually barred from contacting the  
8 locations at which their ATMs had been purportedly installed to  
9 determine whether NASI was actually operating the ATMs as represented  
10 and in conformity with its obligations under the Purchase and Lease  
11 Agreements.

12           m. In and about August 2014, NASI bounced approximately  
13 \$3 million in checks that had been sent by NASI as monthly returns to  
14 victim-investors. By the end of the month, NASI had drained its bank  
15 account, drawing it down to a balance of less than \$200,000. In  
16 response to hundreds of calls from distressed victim-investors,  
17 defendants GILLIS and WISHNER falsely sought to reassure the victim-  
18 investors that NASI was only suffering from accounting problems and  
19 technical delays relating to system upgrades, and that timely payment  
20 of investor returns would likely resume by the beginning of October  
21 2014. In truth and in fact, as defendants GILLIS and WISHNER then  
22 well knew, their Ponzi scheme was collapsing owing to a shortfall in  
23 new victim-investor funds. Nonetheless, between in and about the  
24 last week in August and in and about the end of the first week of  
25 September 2014, defendants GILLIS and WISHNER, acting in concert with  
26 NASI sales agents and employees, continued raising nearly \$4 million  
27 in additional new victim-investor money and making Ponzi payments to  
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1 lull existing victim-investors, who were owed returns under NASI's  
2 Purchase and Lease Agreements.

3 n. In executing the fraudulent scheme described above,  
4 defendants GILLIS and WISHNER fraudulently obtained custody and  
5 control of hundreds of millions of dollars from thousands of victim-  
6 investors located throughout the United States.

7 D. OVERT ACTS

8 6. In furtherance of the conspiracy, and to accomplish its  
9 objects, defendants GILLIS and WISHNER, together with unindicted co-  
10 conspirator NASI, and other co-conspirators known and unknown to the  
11 United States Attorney, aiding and abetting one another, committed  
12 and willfully caused others to commit the following overt acts, among  
13 others, in the Central District of California and elsewhere:

14 Overt Act No. 1: On or about January 13, 2010, defendants  
15 GILLIS and WISHNER caused a person working for defendant WISHNER to  
16 deposit into NASI's City National Bank account x4410 (the "NASI CN  
17 Bank Account") seven checks received from seven victim-investors for  
18 a total deposit of \$246,300.

19 Overt Act No. 2: On or about December 1, 2010, defendants  
20 GILLIS and WISHNER caused a person working for defendant WISHNER to  
21 deposit into the NASI CN Bank Account 19 checks received from 19  
22 victim-investors for a total deposit of \$1,039,836.

23 Overt Act No. 3: On or about March 29, 2011, defendants  
24 GILLIS and WISHNER caused a person working for defendant WISHNER to  
25 deposit into the NASI CN Bank Account 28 checks received from 28  
26 victim-investors for a total deposit of \$1,094,400.

27 Overt Act No. 4: On or about June 6, 2011, defendant  
28 GILLIS signed, as President of NASI, a Purchase Agreement, Lease

1 Agreement, and Addendum pursuant to which victim-investor J.F.  
2 purchased two ATMs for \$19,800 each, for a total of \$39,600, and was  
3 guaranteed that "If at anytime [sic] the owner's ATM machine fails to  
4 make enough transactions [t]o pay the owner a monthly check  
5 equivalent to a twenty (20%) percent Annual return on the owner's  
6 investment of \$19,800," NASI would "pay the owner the difference  
7 between what the Owner has received and \$4,000 annually. This is  
8 based on a rental fee of \$.50 Per transaction."

9 Overt Act No. 5: On or about July 5, 2011, defendants  
10 GILLIS and WISHNER caused a person working for defendant WISHNER to  
11 deposit into the NASI CN Bank Account 28 checks received from 24  
12 victim-investors for a total deposit of \$1,107,000.

13 Overt Act No. 6: On or about January 31, 2012, defendants  
14 GILLIS and WISHNER caused a person working for defendant WISHNER to  
15 deposit into the NASI CN Bank Account 27 checks received from 25  
16 victim-investors for a total deposit of \$2,219,600.

17 Overt Act No. 7: On or about May 18, 2012, defendants  
18 GILLIS and WISHNER caused a person working for defendant WISHNER to  
19 deposit into the NASI CN Bank Account 24 checks received from 23  
20 victim-investors for a total deposit of \$1,215,000.

21 Overt Act No. 8: On or about August 30, 2012, defendant  
22 GILLIS signed, as President of NASI, a Purchase Agreement, Lease  
23 Agreement, and Addendum pursuant to which victim-investor M.M.  
24 purchased two ATMs for \$12,000 each, for a total of \$24,000, and  
25 received a guarantee of a 20% return on his investment.

26 Overt Act No. 9: On or about October 26, 2012, defendant  
27 GILLIS signed, as President of NASI, a Purchase Agreement, Lease  
28 Agreement, and Addendum pursuant to which victim-investor M.M.

1 purchased two ATMs for \$12,000 each, for a total of \$24,000, and  
2 received a guarantee of a 20% return on his investment.

3 Overt Act No. 10: On or about December 25, 2012, defendant  
4 GILLIS signed, as President of NASI, a Purchase Agreement and  
5 Addendum pursuant to which victim-investor M.M. purchased two ATMs  
6 for \$12,000 each, for a total of \$24,000, and received a guarantee of  
7 a 20% return on his investment.

8 Overt Act No. 11: In or about January 2013, defendant  
9 GILLIS met with victim-investor G.S. at the El Caballero Country Club  
10 in Tarzana, California, and explained NASI's purchase/leaseback  
11 program to G.S., who subsequently gave defendant GILLIS a check for  
12 \$1.2 million to purchase 100 ATMs for victim-investor G.S.'s wife.

13 Overt Act No. 12: On or about February 1, 2013, defendants  
14 GILLIS and WISHNER caused a person working for defendant WISHNER to  
15 deposit into the NASI CN Bank Account 41 checks received from 33  
16 victim-investors for a total deposit of \$1,329,124.

17 Overt Act No. 13: On or about February 8, 2013, defendants  
18 GILLIS and WISHNER met with victim-investor B.G. at defendant  
19 WISHNER's office in Woodland Hills, California, and, when victim-  
20 investor B.G. asked to see NASI's tax returns and financial  
21 statements, defendant WISHNER said that it was company policy not to  
22 show NASI's accounting to anyone and refused to show the tax returns  
23 and financial statements to victim-investor B.G.

24 Overt Act No. 14: On or about February 8, 2013, defendant  
25 GILLIS told victim-investor B.G. that NASI owned 20,000 ATMs.

26 Overt Act No. 15: On or about October 7, 2013, defendant  
27 GILLIS signed, as President of NASI, a Purchase Agreement, Lease  
28 Agreement, and Addendum pursuant to which victim-investor T.H.

1 purchased twelve ATMs for \$12,000 each, for a total of \$144,000, and  
2 received a guarantee of a 20% return on his investment.

3 Overt Act No. 16: On or about November 12, 2010, defendants  
4 GILLIS and WISHNER caused a person working for defendant WISHNER to  
5 deposit into the NASI CN Bank Account 27 checks received from 24  
6 victim-investors for a total deposit of \$1,746,200.

7 Overt Act No. 17: On or about April 2, 2014, defendant  
8 GILLIS sent an e-mail to victim-investor A.K. in which defendant  
9 GILLIS stated "Up to date you have invested \$3,216,000."

10 Overt Act No. 18: On or about April 21, 2014, defendants  
11 GILLIS and WISHNER caused a person working for defendant WISHNER to  
12 deposit into the NASI CN Bank Account 16 checks received from 15  
13 victim-investors for a total deposit of \$506,000.

14 Overt Act No. 19: On or about May 12, 2014, defendant  
15 GILLIS sent an e-mail to victim-investor A.K. in which defendant  
16 GILLIS stated: "I left you a message. New supply of locations. Same  
17 return as others. I am sending a letter out tomorrow. If you want  
18 more locations, call me. They will go fast."

19 Overt Act No. 20: On or about August 4, 2014, defendants  
20 GILLIS and WISHNER caused a person working for defendant WISHNER to  
21 deposit into the NASI CN Bank Account two checks received from one  
22 victim-investor for a total deposit of \$936,000.

23 Overt Act No. 21: On or about August 28, 2014, defendant  
24 GILLIS sent a letter to victim-investors in which he stated that the  
25 checks for September would be going out late due to "the inordinate  
26 amount of time spent on complaints, cleaning up the general  
27 accounting and system upgrades"; instructed victim-investors "Please  
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1 do not call us"; and estimated that the September checks "will go out  
2 anywhere from the 8<sup>th</sup> to the 10<sup>th</sup>."

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COUNTS TWO AND THREE

[18 U.S.C. §§ 1341, 2(a)]

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3 7. The United States Attorney realleges and incorporates by  
4 reference paragraphs 1 through 3 and 5 and 6 of this Information as  
5 though fully set forth herein.

6 A. THE SCHEME TO DEFRAUD

7 8. Beginning as early as in or about 1999, and continuing to  
8 in or about mid-September 2014, in Los Angeles County, within the  
9 Central District of California, and elsewhere, defendants GILLIS and  
10 WISHNER, together with unindicted co-conspirator NASI, and other co-  
11 conspirators known and unknown to the United States Attorney, aiding  
12 and abetting one another, knowingly and with the intent to defraud,  
13 devised, participated in, and executed a scheme to defraud victim-  
14 investors as to material matters, and to obtain money and property  
15 from victim-investors, by means of false and fraudulent pretenses,  
16 representations, and promises, and the concealment of material facts.

17 9. The fraudulent scheme operated, in substance, as set forth  
18 in paragraphs 1 through 3 and 5 and 6 of this Information.

19 B. THE USE OF THE MAILS

20 10. On or about the dates set forth below, within the Central  
21 District of California, and elsewhere, defendants GILLIS and WISHNER,  
22 for the purpose of executing and attempting to execute the above-  
23 described scheme to defraud, caused the following items to be placed  
24 in an authorized depository for mail matter to be delivered by the  
25 United States Postal Service, and to be deposited with and delivered  
26 by a commercial interstate carrier, according to the directions  
27 thereon:  
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COUNT	DATE	ITEM MAILED
TWO	10/24/2013	Check for \$468,000 payable to NASI sent by victim-investor D.H. from Santa Monica, California, to NASI in Calabasas, California
THREE	8/26/2014	Check for \$120,000 payable to NASI sent by victim-investor J.H. in Hidden Hills, California, to NASI in Calabasas, California

COUNT FOUR

[18 U.S.C. §§ 1343, 2(a)]

11. The United States Attorney realleges and incorporates by reference paragraphs 1 through 3 and 5 and 6 of this Information as though fully set forth herein.

A. THE SCHEME TO DEFRAUD

12. Beginning as early as in or about 1999, and continuing to in or about mid-September 2014, in Los Angeles County, within the Central District of California, and elsewhere, defendants GILLIS and WISHNER, together with unindicted co-conspirator NASI, and other co-conspirators known and unknown to the United States Attorney, aiding and abetting one another, knowingly and with the intent to defraud, devised, participated in, and executed a scheme to defraud victim-investors as to material matters, and to obtain money and property from victim-investors, by means of false and fraudulent pretenses, representations, and promises, and the concealment of material facts.

13. The fraudulent scheme operated, in substance, as set forth in paragraphs 1 through 3 and 5 and 6 of this Information.

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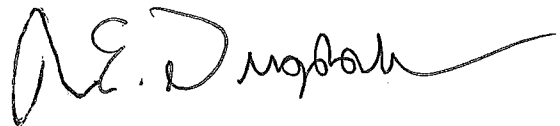
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1 B. THE USE OF THE WIRES

2 14. On or about July 30, 2013, within the Central District of  
3 California, and elsewhere, defendants GILLIS and WISHNER transmitted,  
4 caused the transmission of, and aided and abetted the transmission of  
5 \$1,000,000, for the benefit of victim-investor A.K., from Citibank  
6 account number x00089 in New York, New York, to the NASI CN Bank  
7 Account in California, by means of wire and radio communication in  
8 interstate and foreign commerce.

9  
10 STEPHANIE YONEKURA  
Acting United States Attorney

11 

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