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8
9 **UNITED STATES DISTRICT COURT**
10 **CENTRAL DISTRICT OF CALIFORNIA**

11
12 **SECURITIES AND EXCHANGE
COMMISSION,**

13 **Plaintiff,**

14 **vs.**

15 **NATIONWIDE AUTOMATED
16 SYSTEMS, INC., JOEL GILLIS, and
EDWARD WISHNER,**

17 **Defendants,**

18 **and**

19
20 **OASIS STUDIO RENTALS, LLC,
21 OASIS STUDIO RENTALS #2, LLC,
and OASIS STUDIO RENTALS #3,
22 LLC,**

23 **Relief Defendants.**

Case No. 2:14-cv-07249-CJC-FFM

**PLAINTIFF SECURITIES AND
EXCHANGE COMMISSION'S
STATUS REPORT**

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1 Plaintiff Securities and Exchange Commission respectfully submits the
2 following status report:¹

3 The SEC brought this civil enforcement action on an emergency basis in
4 September 2014. The SEC's complaint alleged that defendants Joel B. Gillis and
5 Edward Wishner had raised, since 2013, at least \$123 million from investors through
6 their company, defendant Nationwide Automated Systems, Inc. ("NASI"). In so
7 doing, defendants falsely claimed that NASI was in the business of placing, operating
8 and maintaining ATMs, and that investors could purchase the ATMs and then lease
9 them back to NASI for a guaranteed return of at least 20% per year. In truth, the
10 offering was a Ponzi scheme, as the vast majority of NASI's revenue was comprised
11 of new investor funds. On *ex parte* application of the SEC, the Court entered a
12 September 30, 2014 temporary restraining order that enjoined NASI's fraud and
13 placed the company and its related entities under the management of an equity
14 receiver, William Hoffman. Dkt. No. 14.²

15 In October 2014, Gillis and Wishner stipulated to preliminary injunctions and a
16 permanent receivership over NASI. Dkt. Nos. 36, 37 and 42. On August 31, 2015,
17 the district court granted partial summary judgment as to liability against Gillis and
18 Wishner, and entered an order permanently enjoining them from violating the
19 antifraud and registration provisions of the federal securities laws. Dkt. No. 92.
20 Meanwhile, Gillis and Wishner were criminally charged on December 16, 2014 by
21 the United States Attorney's Office for the Central District of California. On
22 November 16, 2015, the district court sentenced Gillis to 120 months' imprisonment
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24 ¹ Before this matter was transferred to the current presiding district judge, the Court
25 directed the SEC to file a status report on or by April 13, 2020. Dkt. No. 386.
26 Because of a calendaring error, the SEC did not timely file this status report and
apologizes for its consequent delay in filing.

27 ² Mr. Hoffman retired in 2020 and the Court discharged him from his duties as
28 receiver on February 24, 2020, at which time the Court further appointed Aaron J.
Kudla as successor receiver to complete the work needed to conclude the
receivership. Dkt. No. 383.

1 and Wishner to 108 months' imprisonment. On February 21, 2016, the district court
2 entered an order finding Gillis and Wishner jointly and severally liable to pay
3 restitution in the amount of \$124,542,945.55 to the victims of their fraud.

4 At the time of the receiver's appointment in September 2014, NASI had only
5 \$460,000 in cash. In the five-and-a-half years since, the receiver has recovered more
6 than \$62 million for defrauded NASI investors to date through his pursuit of court-
7 approved clawback actions and class action litigation with City National Bank (the
8 bank where NASI maintained its accounts). In 2019, the receiver made an interim
9 distribution of \$31.5 million, and also distributed another \$22.5 million in class
10 settlement funds from the City National Bank lawsuit. *See* Dkt. No. 391 (Receiver's
11 22nd Interim Report). As reported by the receiver, there is further work that must be
12 completed prior to the conclusion of the receivership: (i) the receiver's continued
13 pursuit of the remaining clawback actions (34 demand letters to net winners were
14 outstanding as of the receiver's 4Q 2019 report); (ii) miscellaneous asset recovery
15 and investigation; and (iii) a final distribution, once the foregoing tasks have been
16 completed. *Id.* Prior to the receiver's discharge, the SEC anticipates that a consent
17 judgment against the receivership entities will be stipulated to which would resolve
18 the SEC's claims against those parties.

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20 Dated: April 20, 2020

Respectfully submitted,

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22 /s/ Gary Y. Leung

Gary Y. Leung

Peter F. Del Greco

Attorneys for Plaintiff

Securities and Exchange Commission

PROOF OF SERVICE

I am over the age of 18 years and not a party to this action. My business address is:
U.S. SECURITIES AND EXCHANGE COMMISSION,
444 S. Flower Street, Suite 900, Los Angeles, California 90071
Telephone No. (323) 965-3998; Facsimile No. (213) 443-1904.

On April 20, 2020, I caused to be served the document entitled **PLAINTIFF SECURITIES AND EXCHANGE COMMISSION’S STATUS REPORT** on all the parties to this action addressed as stated on the attached service list:

OFFICE MAIL: By placing in sealed envelope(s), which I placed for collection and mailing today following ordinary business practices. I am readily familiar with this agency’s practice for collection and processing of correspondence for mailing; such correspondence would be deposited with the U.S. Postal Service on the same day in the ordinary course of business.

PERSONAL DEPOSIT IN MAIL: By placing in sealed envelope(s), which I personally deposited with the U.S. Postal Service. Each such envelope was deposited with the U.S. Postal Service at Los Angeles, California, with first class postage thereon fully prepaid.

EXPRESS U.S. MAIL: Each such envelope was deposited in a facility regularly maintained at the U.S. Postal Service for receipt of Express Mail at Los Angeles, California, with Express Mail postage paid.

HAND DELIVERY: I caused to be hand delivered each such envelope to the office of the addressee as stated on the attached service list.

UNITED PARCEL SERVICE: By placing in sealed envelope(s) designated by United Parcel Service (“UPS”) with delivery fees paid or provided for, which I deposited in a facility regularly maintained by UPS or delivered to a UPS courier, at Los Angeles, California.

ELECTRONIC MAIL: By transmitting the document by electronic mail to the electronic mail address as stated on the attached service list.

E-FILING: By causing the document to be electronically filed via the Court’s CM/ECF system, which effects electronic service on counsel who are registered with the CM/ECF system.

I declare under penalty of perjury that the foregoing is true and correct.

Date: April 20, 2020

/s/ Gary Y. Leung

Gary Y. Leung

1 *SEC v. Nationwide Automated Systems, Inc.*
2 **United States District Court—Central District of California**
3 **Case No. 2:14-cv-07249-CJC-FFM**

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