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Attorneys for Plaintiffs

SUPERIOR COURT STATE OF CALIFORNIA

COUNTY OF LOS ANGELES

MICHAEL PAYNE, an individual; LASZLO HUGO BAKOS, an individual; RICHARD ROWACK, an individual and Trustee of the LUCILLE PAOLILLO TRUST; STEPHEN GREEN, an individual and Trustee of the GREEN FAMILY TRUST; ALAN JEFFERY, an individual and Trustee of the JEFFERY FAMILY TRUST; on behalf of themselves and a class of all others similarly situated,

Plaintiffs,

vs.

CITY NATIONAL BANK, N.A., PATRICK BRIAN FITZWILLIAM and DOES 1 – 200.

Defendants.

CASE NO.:

Judge:

Dept:

CLASS ACTION COMPLAINT

Counts:

1. Aiding and Abetting Fraud;
2. Aiding and Abetting Breach of Fiduciary Duty;
3. Violation of California Penal Code § 496(c);
4. Financial Elder Abuse; and,
5. Violation of California Business & Professions Code § 17200 *et seq.*

DEMAND FOR JURY TRIAL

BC 6 5 5 8 0 6

By Fax

Plaintiffs MICHAEL PAYNE, an individual, LASZLO HUGO BAKOS, an individual, RICHARD ROWACK, an individual and Trustee of the LUCILLE PAOLILLO TRUST, STEPHEN GREEN, an individual and Trustee of the GREEN FAMILY TRUST, ALAN JEFFERY, an individual and Trustee of the JEFFERY FAMILY TRUST, in their individual and representative capacities and

1 on behalf of the class of all persons similarly situated, by and through their undersigned attorneys
2 allege as follows:

3 INTRODUCTION

4 1. Joel Gillis and Edward Wishner ran a Ponzi scheme through their company Nationwide
5 Automated Systems, Inc., (collectively "NASI") scamming \$125,000,000 from unknowing victims.
6 For nearly 15 years they sold investors automated teller machines ("ATM") promising to lease them
7 back and pay fifty cents for every transaction or a guaranteed return of 20% per year. Not a single
8 investor was actually sold an ATM. Instead, investor money was used to pay other existing investors
9 the guaranteed 20% return.

10 2. NASI could not have succeeded as a Ponzi scheme without the knowledge and help of
11 City National Bank's Senior Vice President and Branch Manager, Patrick Brian Fitzwilliam
12 ("FITZWILLIAM"). City National Bank was the primary bank for NASI over the 15 years of its
13 existence as a Ponzi scheme. City National Bank was the bank at which NASI deposited investor
14 money, received investor wire transfers, commingled investor funds and facilitated the use of investor
15 funds to pay the monthly fictitious rent checks. City National Bank had before it the very nuts and
16 bolts of the Ponzi scheme. Not only was City National Bank instrumental in lulling investors into a
17 false sense of security by helping to ensure that virtually none of the fictitious profit checks bounced,
18 but Patrick Brian Fitzwilliam also routinely served as a reference for NASI in its recruitment of
19 potential investors. Patrick Brian Fitzwilliam was not merely a senior vice president at City National
20 Bank, he was also an "investor" in NASI, who received hundreds of thousands of dollars over his
21 investment amount and was intimately knowledgeable about the variation between the public business
22 model and the true financial workings of NASI. Fitzwilliam also cashed out before the collapse of the
23 Ponzi scheme.

24 3. On September 30, 2014, in an action entitled *Securities and Exchange Commission v.*
25 *Nationwide Automated Systems, Inc., et al.*, CV-14-07249, NASI was shut down and placed in
26 receivership. On January 21, 2015, in an action entitled *United States of America v. Joel Barry Gillis*
27 *and Edward Wishner*, CR-14-712, Gillis and Wishner pleaded guilty to mail and wire fraud and have
28 subsequently been sentenced to lengthy jail sentences for what they have done. Plaintiffs bring this

1 action to hold City National Bank and its Senior Vice President accountable for the devastating harm
2 they helped to cause.

3 **JURISDICTION AND VENUE**

4 4. This case has been filed in this Court because a substantial part of the acts and
5 omissions complained of took place in the County of Los Angeles, because NASI may be found
6 within the County of Los Angeles, and because the SEC office that has led an investigation of NASI is
7 located within the County of Los Angeles.

8 **PARTIES**

9 5. Plaintiff MICHAEL PAYNE is an individual who resides in Mill Creek, Washington.
10 Mr. Payne invested with NASI and suffered losses as a result of the Defendants' conduct.

11 6. Plaintiff LASZLO HUGO BAKOS is an individual who resides in Los Angeles
12 County, California. Mr. Bakos invested with NASI and suffered losses as a result of the Defendants'
13 conduct.

14 7. Plaintiff RICHARD ROWACK is an individual who resides in Parker, Colorado.
15 RICHARD ROWACK was also the Trustee of the LUCILLE PAOLILLO TRUST. Richard Rowack
16 invested with NASI on his own behalf and on behalf of the Lucille Paolillo Trust and suffered losses
17 as a result of the Defendants' conduct.

18 8. Plaintiff STEPHEN GREEN is an individual who resides in Los Angeles County, and
19 was the Trustee of the GREEN FAMILY TRUST. Mr. Green invested with NASI on his own behalf
20 and on behalf of the Green Family Trust, and suffered losses as a result of Defendants' conduct.

21 9. Plaintiff ALAN JEFFERY is an individual who resides in Ventura County, and was the
22 Trustee of the JEFFERY FAMILY TRUST. Mr. Jeffery invested with NASI on his own behalf and
23 on behalf of the Jeffery Family Trust, and suffered losses as a result of Defendants' conduct.

24 10. Defendant PATRICK BRIAN FITZWILLIAM is a resident of the County of Los
25 Angeles, and was, at all time relevant, City National Bank's senior vice-president and branch manager
26 of its Woodland Hill Branch

27 11. Defendants DOES 1 through 200, inclusive, whether individual, corporate, associate,
28 alter ego, or otherwise, are fictitious names of Defendants whose true names and capacities, at this

1 time, are unknown to Plaintiffs; Plaintiffs are informed and believe and thereupon allege that at all
2 times herein mentioned, each Defendant sued herein as a DOE was acting for itself or its agent,
3 servant, employee, and/or alter ego of its Co-Defendants, and in doing the things hereinafter
4 mentioned, was acting in the course and scope of its authority as such agent, servant, employee, and/or
5 alter-ego, and with the permission and consent of its Co-Defendants; and that each of said fictitiously
6 named Defendants, whether acting for itself or as agents, corporations, associations, or otherwise, is in
7 some way liable or responsible to Plaintiffs on the facts hereinafter alleged, and caused injuries and
8 damages proximately thereby, as hereinafter alleged, and at such times as Defendants' true names and
9 capacities become known to Plaintiffs, Plaintiffs will ask leave of this Court to amend this Complaint
10 to insert said true names and capacities.

11 12. Plaintiffs are informed and believe and thereupon allege that at all times herein
12 mentioned, Defendant and DOES 1 through 200, inclusive, and each of them, were acting as agents,
13 servants, alter egos, and employees of each other, and were acting within the full course and scope of
14 their agency, servancy, and employment, with the full knowledge and consent, either expressed or
15 implied, of either of the other Defendants and DOES 1 through 200, inclusive, and each of them.
16 (Defendants and DOES 1-200, inclusive, and each of them are hereinafter collectively referred to
17 herein as "Defendants").

18 13. Plaintiffs are informed and believe and thereupon allege that at all times relevant
19 herein, Defendants and each of them were and are inadequately capitalized and have no genuine or
20 separate existence, but were and are used and are existing for the sole purpose of permitting the other
21 Defendants to transact a portion of their business under a separate guise.

22 14. At all times mentioned herein, Defendants and each of them completely controlled,
23 dominated, managed, and operated the other Defendants and intermingled their assets with the assets
24 owned by the other Defendants to suit their convenience, such that the individuality or separateness of
25 the Defendants did not exist.

26 15. The acts of Defendants and each of them were and are the acts of the other Defendants.

27 16. Failure to pierce the corporate veil would promote injustice and, based thereon,
28 Defendants and each of them are jointly and severally liable with the other Defendants.

FACTS

17. This matter concerns a large Ponzi scheme in which Joel Gillis and Edward Wishner and the entity they controlled, Nationwide Automated Systems, Inc. ("NASI") sold investment opportunities in automated teller machines ("ATMs") through purported "sale and leaseback" transactions.

18. NASI "sold" over 30,000 machines to investors, but in truth, it only had approximately 300. To successfully perpetrate the Ponzi scheme, NASI needed to maintain a banking relationship with an apparently respectable Bank into which NASI funds from the sale of machines and transaction fees would be deposited. This would provide NASI with the appearance that its enterprise was financially legitimate. To obtain the needed financial imprimatur, NASI enlisted the aid and assistance of City National Bank. NASI did so through FITZWILLIAM who was the agent and managing agent of City National Bank in charge of the NASI accounts at the bank and who became an "investor" in the NASI Ponzi scheme. FITZWILLIAM invested in NASI using a fictitious business name, and signing the Purchase Agreement, Lease Agreement and Addendum.

19. CITY NATIONAL BANK was the primary bank whereby NASI deposited victim-investors checks, received and sent wire transfers, and wrote fictitious profit checks to victim-investors. CITY NATIONAL BANK opened accounts for NASI at its Woodland Hills branch in approximately 1996.

20. NASI used Cardtronics, Inc., National Link, Inc., and Automated Systems America, Inc., to service the ATMs owned by NASI. The revenue actually generated by the ATMs owned by NASI was sent to NASI via checks drawn on accounts by these companies and deposited into NASI's account at Defendant CITY NATIONAL BANK. The revenue generated by the NASI owned ATMs was approximately \$90,000 to \$150,000 per month.

21. From January 2013 through June 2014 alone, at least \$119,844,937.00 of investor money was deposited into NASI's primary account at Defendant CITY NATIONAL BANK, account 22144410. Most of the checks deposited into that account indicated on the face that it was for the ATM sale/leaseback investment. The checks were in the amounts of \$12,000, \$19,800, or a multiple of those amounts.

1 22. From January 2013, through June 2014, only \$2,106,291 was deposited into NASI's
2 primary account at Defendant CITY NATIONAL BANK, account xxxx4410, from Cardtronics, or
3 National Link.

4 23. NASI used account no. xxxx4439 at defendant CITY NATIONAL BANK from which
5 to send victim-investors fictitious profit payments. From April 2014 through June 2014, NASI
6 transferred \$25,057,377.14 from the NASI Primary Account to the NASI Investor account. Transfers
7 from the NASI Primary Account represented all but \$3,461.50 of the total deposited into the account
8 during April to June 2014 time period.

9 24. From April to June 2014, NASI wrote 6,943 checks totaling \$25,057,377 from the
10 NASI Investor Account. The SEC reviewed only 4,536 of the checks. NASI paid out 99.2% of those
11 checks to victim-investors as fictitious profits, or \$23,492,097.00. During that same time period on
12 NASI received only \$390,515.66 in ATM related revenue from Cardtronics and National Link.

13 25. NASI sent out an average of 2,000 fictitious profit checks to investors on a monthly
14 basis.

15 26. In 2004 FITZWILLIAM became a senior vice president and the branch manager of the
16 Woodland Hills branch of City National Bank; the branch at which NASI had its accounts and
17 conducted business.

18 27. By 2004, NASI, a Ponzi scheme since 1999, had become one of the largest depositors,
19 if not the largest depositor, of the Woodland Hills branch of City National Bank.

20 28. Every banking day that checks were received by NASI, Edward Wishner would go to
21 the Woodland Hills branch of City National Bank and give them, almost every time, to Fitzwilliam to
22 deposit. As a result, FITZWILLIAM examined nearly all checks deposited by NASI during his tenure
23 with the Woodland Hills branch in accordance with City National Bank's Account Agreement and
24 Disclosures. Wishner also used those visits at the bank, and particularly with FITZWILLIAM, to
25 effectuate the necessary transfers of funds into the Investors Account in order to cover the fictitious
26 investor profit checks. As a result, FITZWILLIAM and Wishner quickly developed a relationship.

27 29. Early on, FITZWILLIAM also met and developed a relationship with Joel Gillis. In or
28 about 2004, FITZWILLIAM told Gillis that he knew that profits from their ATM business were not

1 being deposited with City National Bank, and assumed that they were being deposited at another
2 competitor bank.

3 30. Since at least 2009 Defendant FITZWILLIAM knew that NASI used Cardtronics, Inc.,
4 National Link, Inc., and Automated Systems America, Inc., to service the ATMs owned by NASI.
5 Defendant FITZWILLIAM knew that the revenue actually generated by the ATMs owned or rented
6 by NASI was sent to NASI by these service providers.

7 31. By November of 2006, FITZWILLIAM had decided to invest in NASI. He explained
8 to Joel Gillis that he would be using a fictitious business name established by him and his wife in
9 order to invest in NASI. FITZWILLIAM specifically asked Joel Gillis not to mention his investment
10 to anyone at City National Bank, because it was a conflict of interest.

11 32. On November 11, 2006, FITZWILLIAM made the first of four investments into NASI.
12 Attached hereto as **Exhibit A** is a Purchase Agreement, Lease Agreement and Addendum signed by
13 FITZWILLIAM's wife, Betty Saleh Fitzwilliam, along with a check in the amount of \$120,000 on
14 behalf of FITZWILLIAM for the investment. FITZWILLIAM made additional investments on June
15 1, 2007, for \$120,000, July 1, 2008, for \$120,000, and June 30, 2009 for \$120,000 using Bribet
16 Services, the fictitious business name that he and his wife registered with the County of Los Angeles.

17 33. About 2006, Edward Wishner told FITZWILLIAM that they valued the relationship
18 with City National Bank and that it was their only bank since the inception of the company.
19 Nonetheless, when City National Bank requested documentation from NASI regarding its ATMs,
20 Wishner informed FITZWILLIAM that NASI would move all of its related accounts to another bank
21 if City National Bank insisted on receiving the documentation.

22 34. As the Branch manager FITZWILLIAM was required to review the City National
23 Bank daily overdraft report, which are generated by a report of checks being presented for payment
24 from the Federal Reserve Bank, clearing houses and/or other banks. The daily overdraft reports
25 indicate which of those checks are from accounts at the bank with insufficient funds to cover the
26 checks. Prior to August of 2014, FIZTWILLIAM routinely contacted Edward Wishner whenever any
27 NASI related account appeared on the daily overdraft report. During that conversation, Edward
28 Wishner provided an assurance that money from the main account would be immediately transferred

1 to the deficient checking account in order to cover the deficiency. FITZWILLIAM would, therefore,
2 exercise his discretion to have City National Bank cover the checks rather than allowing the check to
3 bounce. From 2006 until August of 2014, City National Bank covered over 390 checks for over
4 \$790,000 in the Investors Account alone, for example:

- 5 (a) On July 17, 2006, City National Bank honored 16 checks written on
6 insufficient funds within the Investors Account for an overdraft of
7 \$33,191.52;
- 8 (b) On July 20, 2006, City National Bank honored 5 checks written on
9 insufficient funds within the Investors Account for an overdraft of
10 \$15,729.52;
- 11 (c) On April 5, 2007, City National Bank honored 44 checks written on
12 insufficient funds within the Investors Account for an overdraft of
13 \$134,711.09;
- 14 (d) On March 7, 2008, City National Bank honored 32 checks written on
15 insufficient funds within the Investors Account for an overdraft of \$75,
16 274.31;
- 17 (e) On March 31, 2009, City National Bank honored 9 checks written on
18 insufficient funds within the Investors Account for an overdraft of \$17,
19 143.85;
- 20 (f) On August 5, 2009, City National Bank honored 131 checks written on
21 insufficient funds within the Investors Account for an overdraft of
22 \$363,291.10; and,
- 23 (g) On July 21, 2014, City National Bank honored 7 checks written on
24 insufficient funds within the Investors Account for an overdraft of
25 \$36,235.04.

26 35. By at least 2009, FITZWILLIAM agreed to act as a banking referral source used by
27 NASI and its sales force to help convince new "investors" and retain old ones. When NASI investors
28 or potential investors called NASI to inquire about its financial well being they were directed to

1 contact FITZWILLIAM at City National Bank to get information. Joel Gillis specifically told
2 FITZWILLIAM that he was only authorized to present the balance of the NASI accounts.

3 36. One such call occurred in late February or early March of 2009. At this time Bernie
4 Madoff and Alan Sanford had both been arrested for running long-term Ponzi schemes, the stock
5 market had collapsed, and investors across the United States were worried. One such NASI investor,
6 referred to herein by the initials "JC", was worried his investment in NASI might be part of a Ponzi
7 scheme. JC met with Gillis to discuss his investment. Gillis assured him it was not a scam, and
8 suggested that he meet with NASI's account manager at City National Bank, Fitzwilliam.

9 37. JC went to Woodland Hills to meet with Fitzwilliam, but was unable, eventually
10 reaching him later on the telephone. JC relayed his specific concern that NASI might be a Ponzi
11 scheme like the Madoff Ponzi scheme. Fitzwilliam assured him that NASI was not a Ponzi scheme,
12 but was instead a legitimate business and valued client of the bank. During the conversation JC also
13 conveyed that Gillis had told him NASI itself owned the majority of the ATMs it managed. JC stated
14 that, from his own calculations, he believed that the machines should generate net income for NASI
15 approaching \$1 million per month. JC then asked Fitzwilliam if NASI's internal bank records at City
16 National Bank jived with this fact. Fitzwilliam assured JC that they did.

17 38. In October of 2009, FITZWILLIAM exercised the NASI's option to sell back ATMs
18 for a full refund. As a result, FITZWILLIAM had NASI repurchase half of the ATMs he had invested
19 in. That repurchase assured FITZWILLIAM that he would make money in his overall investment no
20 matter what happened from this point forward.

21 39. During his tenure as a Senior Vice President and Bank Branch Manager
22 FITZWILLIAM became involved in the court cases pertaining to the investment fraud committed by
23 his wife, Betty Saleh. Saleh had been employed as a licensed investment advisor since 1992, and had
24 been employed at Wedbush Morgan Securities ("Wedbush") from November 2004 until June of 2009.
25 While at Wedbush, Saleh, as well as her sister and co-worker Debra Michelle Saleh, were accused of,
26 and permanently lost their licenses for, violating securities laws and engaging in deceitful practices in
27 connection with the purchase or sale of securities, including, without limitation, falsifying documents,
28 forging signature, falsifying medallion stamp signature guarantees, mismarking tickets, destroying

1 transaction document (including fabricated documents), causing false entries on customer statements,
2 and/or misstates or omissions directly to customers. In September of 2011, FITZWILLIAM, along
3 with his wife, initiated an arbitration proceeding against Wedbush concerning Wedbush's attempt to
4 use their personal investment accounts as offset for the claims by investor clients made concerning the
5 actions for which Ms. Saleh was disciplined.

6 40. As the bank officer from City National Bank in charge of the NASI banking
7 relationship and through FITZWILLIAM's knowledge as an investor, FITZWILLIAM knew that the
8 NASI enterprise was not generating transaction revenues consistent with a network of 30,000 or more
9 placed machines. FITZWILLIAM knew that the transaction revenue was less than 5% of the gross
10 revenues being deposited into NASI's City National Bank accounts with the remainder represented by
11 new investor funds being received and deposited into City National Bank. City National Bank,
12 through FITZWILLIAM knew that almost all of the money used to pay the returns promised to prior
13 investors was coming from new investor money and not transaction revenue. City National Bank,
14 through FITZWILLIAM, knew NASI was a Ponzi scheme.

15 41. Thus, City National Bank, through FITZWILLIAM, continued to provide the needed
16 appearance of banking legitimacy throughout the Ponzi, until its collapse in the latter half of 2014.
17 When providing aid and assistance, City National Bank, through FITZWILLIAM had knowledge of
18 the primary wrongs alleged herein. At all times relevant, City National Bank was the only bank
19 through which NASI maintained its accounts throughout the entire duration of the Ponzi scheme. City
20 National Bank, through FITZWILLIAM, knew that NASI maintained all its accounts at City National
21 Bank.

22 42. At no time did NASI, City National Bank or FITZWILLIAM inform Plaintiffs that
23 they did not own the machines they allegedly purchased nor were Plaintiffs informed that transaction
24 revenues in the enterprise were insufficient to fund the NASI ATM operation and the promises of
25 guaranteed returns. Nor did NASI, City National Bank pr FITZWILLIAM inform the plaintiffs that
26 money from investors was virtually the sole source of funding earlier investor returns. The failure to
27 notify Plaintiff of these facts was wrongful. This was a classic Ponzi scheme.

28 43. FITZWILLIAM was at all relevant times a managing agent of City National Bank,

1 who exercised substantial independent authority and judgment in his corporate decision making such
2 that his decisions ultimately determined corporate policy. FITZWILLIAM exercised substantial
3 discretion over formal corporate policies that affected a substantial portion of the company – the type
4 that came to the attention of corporate leadership. City National Bank placed FITZWILLIAM in a
5 position where he could exercise his authority, which resulted in the ad hoc formulation of corporate
6 policy. For example, FITZWILLIAM exercised his authority to allow NASI, who FITZWILLIAM
7 knew was obtaining investment funds through false representations, to transact business through City
8 National Bank accounts.

9 44. As a direct and proximate result of the fraudulent scheme alleged herein, the Plaintiffs
10 relied on the misrepresentation made by NASI and invested in the NASI ATM offering. With the aid
11 and assistance of City National Bank, through its agent, managing agent and employee,
12 FITZWILLIAM, acting within the course and scope of his employment, NASI maintained an empty
13 shell banking operation which in turn allowed NASI to fraudulently sell non-existent machines and to
14 maintain the life of NASI in order to perpetuate the Ponzi scheme to the benefit of City National Bank
15 and the detriment of the investors, including Plaintiffs. Plaintiffs ultimately lost a substantial portion
16 or all of their investment. Had it not been for City National Bank's assistance, Plaintiffs would not
17 have lost the sums they did nor would they have maintained their investment in NASI for as long as
18 they did, and thus would not have suffered losses in the amounts they did.

19 45. Since at least 1999, NASI told investors that it was in the business of placing, operating
20 and maintaining ATMs, and that investors could purchase ATMs from NASI, and then lease them
21 back to NASI in return for "rent" of 50 cents per ATM transaction, with a guaranteed investment
22 return of at least 20% per year. Between January and September of 2013 alone, NASI raised at least
23 \$123 million in investor funds through its ATM sale and leaseback transactions with investors

24 46. But NASI's representations were not true. Legitimate ATM transaction revenue
25 represented only a tiny fraction – less than 2% - of NASI's actual revenue. The vast majority of
26 NASI's revenue was comprised of new investor funds. To an overwhelming degree, therefore,
27 investor funds were not being used to acquire, place, operate and maintain thousands of ATMs that
28 NASI said it sold to investors. Instead investor funds were being used to pay guaranteed returns

1 NASI already owed to earlier investors. NASI did not actually own most of the ATMS it had
2 ostensibly bought and allegedly sold to investors.

3 47. On December 16, 2014, Joel Gillis and Edward Wishner were charged with mail fraud,
4 pursuant to 18 U.S.C. §1341, wire fraud, pursuant to 18 U.S.C. § 1343, conspiracy, pursuant to 18
5 U.S.C. § 1349, and aiding and abetting and causing an act to be done, pursuant to 18 U.S.C. §2.

6 48. On or about January 21, 2015, Joel Barry Gillis entered a plea of guilty to the charges
7 of mail fraud and wire fraud. Pursuant to the guilty plea Joel Barry Gillis admitted the following:

8 (a) Gillis and NASI solicited and caused to be solicited funds from victim-investors
9 purporting to sell them ATMs through NASI's ATM sale/leaseback program
10 using a standard package of agreements, comprised of the following: (1) an
11 ATM Equipment Purchase Agreement ("Purchase Agreement"); (2) an ATM
12 Equipment Lease Agreement ("Lease Agreement"); and (3) an Addendum to
13 Owner Lease Agreement ("Addendum").

14 (b) Under the terms of the Lease Agreement, victim-investors leased ATMs they
15 had purchased back to NASI for an initial 10 year term. The Lease Agreement
16 provided that NASI would be responsible for operating and maintaining the
17 ATMs and providing all the services necessary for this purpose, including
18 processing and accounting for all ATM transactions; obtaining, delivering and
19 loading cash from the ATMs; and repairing, maintaining, and servicing the
20 ATMs. The Lease Agreement further provided that NASI was obligated to pay
21 a monthly rent to the victim-investor in an amount equal to \$.50 for each
22 "approved transaction" produced by the ATMs during the covered month for
23 the term of the lease.

24 (c) Finally, the Addendum to the Lease Agreement modified NASI's rent
25 obligation by guaranteeing NASI's payment of a monthly check to victim-
26 investors equal to a 20% annual rate of return on the victim-investors' initial
27 investment. NASI guaranteed this 20% annual rate of return even if the number
28 of transactions produced by the victim-investor's ATM was insufficient to

1 provide, at the \$.50 per transaction rate, a 20% annual rate of return. The
2 Addendum also modified the 10 year lease term provided for the Lease
3 Agreement by granting the victim-investor the right, after only two years, to
4 sell their ATM back to NASI at their original purchase price at any time,
5 thereby recovering their original investment in full.

6 (d) Each month, NASI caused monthly transaction reports to be sent to the victim-
7 investors that purportedly detailed the performance of the ATMs that the
8 victim-investors owned. The reported number of transactions of each of the
9 ATMs supposedly formed the financial basis for the monthly payments that
10 NASI sent to the victim-investors. In truth and in fact, the purpose of these
11 report was to falsely confirm to the victim-investors that the payments they
12 were receiving from NASI were being generated by the high-yield transaction
13 fees earned by their particular ATMs, and to conceal that the payments were, in
14 fact, Ponzi payments funded by monies received from other victim-investors.

15 (e) The Purchase Agreement, Lease Agreement and Addendum packages that
16 NASI entered into with its victim-investors were a sham and NASI's promises
17 and representations to its victim-investors in connection with its purported sale
18 and leaseback of ATMs were materially false and misleading. In truth and in
19 fact, NASI typically did not sell and lease back the ATM machines it purported
20 to sell to its victim-investors, and the serial numbers and the installation
21 locations of the ATMs that were specified on the Exhibits A to the victim-
22 investors' Purchase Agreements were fabricated by NASI to create the false
23 impression that NASI was selling actual ATMs that were installed in favorable
24 locations throughout the United States. NASI did not own or operate the tens
25 of thousands of ATMs that it claimed to have sold and leased back from its
26 victim-investors, nor did it generate any transaction fees or revenue from the
27 ATMs it purportedly leased back from investors and supposedly installed in
28 favorable locations.

- 1 (f) In truth and in fact, NASI was a Ponzi scheme, in which the vast majority of its
2 incoming revenue was comprised of victim-investor funds, which NASI used to
3 pay returns to prior victim-investors, finance NASI's operations, and pay
4 compensation to Gillis, Wishner and NASI's sales agent and employees. Not
5 only were the tens of thousands of ATMs that NASI purported to sell to, and
6 lease back from, victim-investors never owned or operated by NASI, in the vast
7 majority of cases these ATMs never even actually existed.
- 8 (g) By means of the false and fraudulent pretenses, misrepresentations and
9 promises identified above, and others, NASI caused victim-investors to send
10 money to NASI using the United States Mails and commercial interstate
11 carriers and by means of interstate wirings, which money the victim-investors
12 believed was being used to purchase ATMs as part of the NASI's ATM
13 sale/leaseback program.
- 14 (h) In furtherance of the fraudulent investment scheme NASI sent to victim-
15 investors, using the United States Mail, false monthly transaction reports for the
16 ATMs purportedly owned by the victim investors. These monthly transaction
17 reports set out in detail the fabricated ATM transaction fees supposedly
18 generated by the non-existent ATMs that NASI had purportedly sold to and
19 leased back from the victim-investors.
- 20 (i) In furtherance of the conspiracy and fraudulent scheme, on or about the
21 following dates NASI made the following deposits into NASI's City National
22 Bank account x4410:
- 23 (j) On January 13, 2010: seven checks received from seven victim-investors for a
24 total deposit of \$246,300;
- 25 (k) On or about March 29, 2011: 28 checks received from 28 victim-investors for a
26 total deposit of \$1,094,400;
- 27 (l) On or about January 31, 2012: 27 checks received from 25 victim-investors for
28 a total deposit of \$2,219,600;

- 1 (m) On or about February 1, 2013: 41 checks received from 33 victim –investors
2 for a total deposit of \$1,329,124.
- 3 (n) On or about August 4, 2014: two checks received from one victim investor for a
4 total deposit of \$936,000
- 5 (o) As a result of the false representations, pretenses and promises and
6 concealments of material fact described above as part of the fraudulent scheme
7 NASI caused victim investor D.H. to mail a check for \$468,000 payable to
8 NASI from Santa Monica, California to NASI in Calabasas California, on or
9 about October 24, 2013; caused victim-investor J.H. to mail a check for
10 \$120,000 payable to NASI from Hidden Hills, California, to NASI in
11 Calabasas, California on August 26, 2014; and caused \$1,000,000, to be wired
12 for the benefit of victim-investor A.K. from Citibank account number x00089
13 in New York, New York, to the NASI City National Bank account in
14 California, by means of wire and radio communication in interstate and foreign
15 commerce on or about July 30, 2013.

16 49. The liability faced by Defendant(s) can best be summarized by the article “When
17 Bankers Look the Other Way” Business Law Today: American Bar Association, Volume 14, No.5
18 May/June 2005: **A fraudulent investment scheme of any substantial size requires the services of
19 a financial institution to continue. Banks are needed to gather money from the victim
20 “investors” and provide them with the “returns” which, in reality, are nothing more than a
21 portion of the investor’s own money. Most important for the criminals, financial institutions
22 are needed to help steal the money by laundering it through other accounts, covering their trails
23 and then hiding the money in overseas bank haven countries or their own pockets. When,
24 despite knowledge of such fraudulent conduct, banks provide their assistance to the scheme,
25 liability results**

26 **CLASS ALLEGATIONS**

27 50. Plaintiffs MICHAEL PAYNE, LASZLO HUGO BAKOS, RICHARD ROWACK,
28 STEPHEN GREEN, and ALAN JEFFERY bring this action under Section 382 of the California Code

1 of Civil Procedure, on behalf of themselves and as representative of a class who are similarly situated
2 and who fall within the following class definitions and sub class:

3 a) All individuals or entities who invested in NASI and lost money. For purposes of this class
4 definition, an individual or entity lost money only if the amount of money that the individual
5 or entity received from NASI, including any return on investment, fees or other payments, was
6 less than the amount of the individual's or entity's money invested with NASI. Excluded from
7 the Class are governmental entities, any judge, justice or judicial officer presiding over this
8 matter and the members of his or her immediate family, the Defendants, along with their
9 respective parents, subsidiaries and/or affiliates. Also excluded from this class are the legal
10 representatives, heirs, successors and attorneys of any excluded person or entity, and any
11 person acting on behalf of any excluded person or entity. This class shall be known as the
12 Losing Investor Class.

13 b) All individuals who invested in NASI, who at the time of the investment were 65 years of
14 age or older and were residents of California, and who lost money. For purposes of this class
15 definition, an individual or entity lost money only if the amount of money that the individual
16 or entity received from NASI, including any return on investment, fees or other payments, was
17 less than the amount of the individual's or entity's money invested with NASI. Excluded from
18 the Class are governmental entities, any judge, justice or judicial officer presiding over this
19 matter and the members of his or her immediate family, the Defendants, along with their
20 respective parents, subsidiaries and/or affiliates. Also excluded from this class are the legal
21 representatives, heirs, successors and attorneys of any excluded person or entity, and any
22 person acting on behalf of any excluded person or entity. This is a subclass of the Losing
23 Investor Class as shall be known as the Elder Abuse Class.

24 51. Plaintiff MICHAEL PAYNE fits within the definition of a Losing Investor Class. Mr.
25 Payne was lured into investing in NASI. Mr. Payne invested a total amount of \$780,000 in NASI,
26 signing the Purchase Agreement, Lease Agreement and Addendum on or about September 25, 2009,
27 January 20, 2010, January 1, 2001, June 30, 2011, June 16, 2012, October 16, 2012, September 24,
28 2012, and August 27, 2014. Mr. Payne did not receive payment from NASI equal to or exceeding this

1 investment.

2 52. Plaintiff LASZLO HUGO BAKOS fits within the definition of both the Losing
3 Investor Class and the Elder Abuse Class. Mr. Bakos is currently over 80 years old. Mr. Bakos
4 invested a total amount of \$216,000 in NASI, signing the Purchase Agreement, Lease Agreement and
5 Addendum on or about September 15, 2013, September 24, 2013 and October 27, 2013.

6 53. Plaintiff RICHARD ROWACK fits within the definition of a the Losing Investor
7 Class. Mr. Rowack was lured into investing with NASI. Mr. Rowack invested a total amount of
8 \$480,000, individually and as Trustee of the Lucille Paollilo Trust, signing the Purchase Agreement,
9 Lease Agreement and Addendum on or about October 30, 2012, November 14, 2012, January 29,
10 2013 and May 21, 2014. Mr. Rowack did not receive payment from NASI equal to or exceeding this
11 investment.

12 54. Plaintiff STEPHEN GREEN fits within the definition of a the Losing Investor Class.
13 Mr. Green was lured into investing with NASI. Mr. Green invested a total amount of \$252,000,
14 signing the Purchase Agreement, Lease Agreement and Addendum on or about November 21, 2006,
15 June 18, 2007, June 11, 2012, January 9, 2013, February 22, 2013, March 28, 2013, September 24,
16 2013, October 25, 2013, and April 11, 2014. Mr. Green did not receive payment from NASI equal to
17 or exceeding this investment.

18 55. Plaintiff ALAN JEFFERY fits within the definition of a the Losing Investor Class. Mr.
19 Jeffery was lured into investing with NASI. Mr. Jeffery invested a total amount of \$96,000, signing
20 the Purchase Agreement, Lease Agreement and Addendum on or about October 30, 2012, February
21 21, 2013, June 20, 2013, and May 23, 2014. Mr. Jeffery did not receive payment from NASI equal to
22 or exceeding this investment.

23 56. Plaintiffs do not know the exact size of the class. However, Plaintiffs believe that the
24 class exceeds 1000, a number that is so numerous that joinder is impracticable.

25 57. The claims of the Representative Plaintiffs are typical of the claims of the class in that
26 Plaintiffs entered identical contracts and invested money with NASI. Indeed, Representative
27 Plaintiffs' investments were in all relevant respects typical of investments by other class members,
28 and the monetary damages and injunctive relief sought is common to the class.

1 58. Representative Plaintiffs will fairly and adequately protect the interest of the class in
2 that Representative Plaintiffs have no conflicts with any other members of the class, and are
3 represented by experienced and able counsel. The Representative Plaintiffs' interests are coincident
4 with, and not antagonistic to, those of the class members.

5 59. Numerous questions of law and fact are common to the class, including, but not limited
6 to the following:

- 7 (a) Whether a fiduciary relationship existed between NASI and Class Members;
8 (b) Whether NASI breached a fiduciary duty to Class Members;
9 (c) Whether Class Members' damages were caused by the breach of fiduciary duty
10 owed to them by NASI;
11 (d) Whether Defendants aided and abetted the breach of a fiduciary duty to Class
12 Members by NASI;
13 (e) Whether NASI intentionally misrepresented material facts to Class Members;
14 (f) Whether NASI intentionally concealed material facts from Class Members;
15 (g) Whether NASI did so to induce reliance by Class Members;
16 (h) Whether Class Members' damages were caused by misrepresentation or
17 concealment of material facts;
18 (i) Whether Class Members are entitled to the Ponzi Scheme Presumption;
19 (j) Whether Defendant City National Bank knew of the fraudulent activities of
20 NASI;
21 (k) Whether Defendant City National Bank substantially assisted the fraudulent
22 activities of NASI;
23 (l) Whether Defendant City National Bank engaged in action of Laundering of
24 Monetary Instruments (18 U.S.C. §1956), Engaging in Monetary Transactions
25 in Property Derived from Specified Unlawful Activity (18 U.S.C. §1957), wire
26 fraud (18 U.S.C. §1343), and mail fraud (18 U.S.C. §1841), and therefore,
27 engaged in unlawful business acts and practices under Bus. & Prof. Code
28 §§17200 *et seq.*;

1 (m) Whether Defendant City National Bank committed tortious acts with fraud,
2 oppression or malice;

3 60. The questions of law and fact common to the members of the class predominate over
4 any questions affecting only individual members of the class. Class action treatment is superior to the
5 alternative, if any, for the fair and efficient adjudication of the controversy. Among other things, there
6 is no interest by members of the class in individually controlling the prosecution of separate actions,
7 and it is desirable to concentrate the litigation of the claims made herein in a single proceeding to
8 provide small claimants with a forum in which to seek redress for these violations of California law.
9 Whatever difficulties may exist in the management of the class action will be greatly outweighed by
10 the benefits of the class action procedure, including, but not limited to, providing claimants with a
11 method for redress of claims that may otherwise burden the Court with individual litigation.

12 **FIRST CAUSE OF ACTION**

13 **Aiding and Abetting Fraud**

14 **(Alleged against all Defendants)**

15 61. Plaintiffs reallege and incorporate herein the allegations set forth above as if fully set
16 forth by this reference.

17 62. NASI intentionally defrauded every investor, including Plaintiffs herein. NASI falsely
18 represented that it was a profitable enterprise, when in fact it was a Ponzi scheme with no source of
19 revenue other than sales to investors, and it was not deriving a profit from ATM machines. NASI
20 failed to disclose material information that it was not profitable and did not have any source of
21 revenue other than investments from investors.

22 63. Plaintiffs would not have invested in NASI had they known the truth.

23 64. Defendant City National Bank, and Defendant FITZWILLIAM, knew that NASI was
24 engaging in fraud. Nonetheless, Defendant City National Bank, and Defendant FITZWILLIAM
25 substantially assisted and aided and abetted NASI by providing accounts into which investors money
26 was deposited, comingling of funds between NASI accounts, and providing an account from which
27 investors' fictitious profit payments were made, and using City National Bank mechanisms to ensure
28 that no fictitious profit checks to investors bounced.

1 75. Penal Code section 496(c) permits "any" person who has been injured by a violation of
2 section 496(a) to recover three times the amount of actual damages, costs of suit and attorney's fees in
3 a civil suit. Penal Code section 496(a) creates an action against "any" person who (1) receives "any"
4 property that has been stolen or obtained in any manner constituting theft, knowing the property to be
5 stolen or obtained, or (2) conceals, sells, withholds, or aids in concealing or withholding "any"
6 property from the owner, knowing the property to be so stolen or obtained.

7 76. Under Penal Code § 1.07(a)(38), "person" means "an individual, corporation, or
8 association." Thus, City National Bank as a national banking association may be a "person" who
9 violates section 496(a).

10 77. As set forth herein, the investors' funds were stolen or obtained by theft, without
11 limitation, under Penal Code section 484 by false or fraudulent representations or pretenses.

12 78. NASI falsely represented that it was a profitable enterprise, when in fact it was a Ponzi
13 scheme with no source of revenue other than sales to investors, and it was not deriving a profit from
14 ATM machines. NASI failed to disclose material information that it was not profitable and did not
15 have any source of revenue other than investments from investors. Contrary to NASI's
16 representations, in most cases, the ATMs did not exist, and only a small portion of the lease payments
17 to investors came from legitimate ATM proceeds.

18 79. NASI made these statements with the intent to defraud Plaintiffs of their investment
19 money.

20 80. Plaintiffs transferred their investment money to NASI in reliance on the fraudulent
21 statements.

22 81. The Defendants met the ground for liability of section 496(a) because they, and each of
23 them:

24 a. Defendants knew that Plaintiffs investment funds were stolen by false pretenses by NASI;
25 and, with such knowledge,

26 b. Defendants received said funds, by, without limitation: (i) accepting and continuing to
27 accept checks and other payments made by the defrauded investors for deposit into the
28 NASI's accounts at City National Bank.

1 c. Defendants concealed, withheld, or aided in concealing or withholding the funds from
2 Plaintiffs by ensuring that no fictitious profit checks ever bounced.

3 82. As a direct and proximate result of the acts and omissions described above, the
4 Plaintiffs were injured by the Defendants' said violations of section 496(a), Pursuant to California
5 Penal Code section 496(c), Plaintiff seeks statutory treble damages, costs of suit, and reasonable
6 attorney's fees.

7 **FOURTH CAUSE OF ACTION**

8 **Financial Elder Abuse**

9 **(Alleged against all Defendants)**

10 83. The Elder Abuse Class Plaintiffs reallege and incorporate herein the allegations set
11 forth above as if fully set forth by this reference.

12 84. Under California law, financial elder abuse occurs when a person or entity "[a]ssists in
13 taking, secreting, appropriating, or retaining real or personal property of an elder or dependent adult to
14 a wrongful use or with intent to defraud, or both." Wel. & Inst. Code § 15610.30(a)(2). An "elder" is
15 defined as "any person residing in [California], 65 years of age or older." Id. at §15610.27.

16 85. Through the conduct alleged herein, Defendants assisted NASI in taking,
17 appropriating, and retaining money from the Elder Abuse Class Plaintiffs, including retirement
18 savings, for a wrongful use or with intent to defraud or both.

19 86. Defendants knew or should have known that the wrongful conduct was direct to one or
20 more senior citizens or disabled persons and their conduct caused one or more senior citizens or
21 disabled persons to suffer loss or an encumbrance of a primary residence, principal employment, or
22 source of income, substantial loss of property set aside for retirement, or for personal or family care
23 and maintenance; or substantial loss of payments received under a pension or retirement plan or a
24 government benefits program, or assets essential to the health or welfare of the senior citizen or
25 disabled person.

26 87. Each of the Elder Abuse Class Plaintiffs was substantially more vulnerable than other
27 members of the public to the Defendants' conduct because of their age, and actually suffered
28 substantial physical, emotional, or economic damage resulting from the Defendants' conduct.

88. Pursuant to California's Welfare and Institutions Code, Defendants are liable for reasonable attorneys' fees and costs, including reasonable fees for the service of counsel for the Elder Abuse Plaintiffs expended in connection with the prosecution of this Cause of action for financial elder abuse.

89. As a proximate result of the above conduct of Defendants, as previously alleged, the Elder Abuse Plaintiffs were damaged in an amount to be proven at trial.

90. The aforementioned conduct of Defendants was done with the intention on the part of Defendants of maintaining the NASI scheme and thereby depriving the Elder Abuse Plaintiffs of their money. As such, Defendants acted in a willful, wanton, despicable, and malicious manner or were grossly negligent; in callous, conscious, and intentional disregard for the interests of the Elder Abuse Plaintiffs; and with knowledge that their conduct was substantially likely to vex, annoy, and injure the Elder Abuse Plaintiffs. As a result, the Elder Abuse Plaintiffs are entitled to recover exemplary and punitive damages.

FIFTH CAUSE OF ACTION

Violation of California Business & Professions Code § 17200 et seq.

(Alleged against all Defendants)

91. Plaintiffs reallege and incorporate herein the allegations set forth above as if fully set forth by this reference.

92. As described above, Defendant City National Bank and Defendant FITZWILLIAM, participated in and perpetuated a Ponzi scheme by engaging in acts that include, but are not limited to:

(a) Defendant City National Bank and Defendant FITZWILLIAM provided banking services to NASI in violation of 18 U.S.C. §1956 (Laundering of Monetary Instruments);

(b) Defendant City National Bank and Defendant FITZWILLIAM provided banking services to NASI in violation of 18 U.S.C. §1957 (Engaging in Monetary Transactions in Property Derived from Specified Unlawful Activity).

93. Defendant City National Bank and Defendant FITZWILLIAM aided and abetted the perpetuation of a Ponzi scheme intended to mislead investors, which is a *per se* fraudulent business

1 practice.

2 94. Accordingly, Plaintiffs may obtain all remedies and penalties authorized by the statute,
3 including, without limitation, restitution, disgorgement, and other penalties for each illegal or
4 fraudulent business act or practice, and attorneys' fees pursuant to statute and the court's equitable
5 powers, in an amount subject to proof.

6 **PRAYER FOR RELIEF**

7 WHEREFORE, Plaintiffs MICHAEL PAYNE, LASZLO HUGO BAKOS, RICHARD
8 ROWACK, STEPHEN GREEN, and ALAN JEFFERY, on behalf of themselves and members of the
9 class, pray for judgment against Defendants, jointly and severally, as follows:

10 1. Declaring that this lawsuit is properly maintainable as a class action and certifying
11 Plaintiffs MICHAEL PAYNE, LASZLO HUGO BAKOS, RICHARD ROWACK, STEPHEN
12 GREEN, and ALAN JEFFERY as the representatives of the class, and LASZLO HUGO BAKOS as
13 the representative of the Elder Abuse Class;

14 2. For aiding and abetting breach of fiduciary duty, all Plaintiffs, including the Class
15 Representatives on behalf of Class Members, seek compensatory damages in an amount to be proven
16 at trial, but believed to exceed \$125,000,000, interest on that amount believed to exceed \$8,750,000,
17 and punitive damages pursuant to California Code of Civil Procedure §3294;

18 3. For aiding and abetting fraud, all Plaintiffs, including the Class Representatives on behalf
19 of Class Members, seek compensatory damages in an amount to be proven at trial, but believed to
20 exceed \$125,000,000, interest on that amount believed to exceed \$8,750,000, and punitive damages
21 pursuant to California Code of Civil Procedure §3294;

22 4. For violation of Penal Code § 496(c), all Plaintiffs, including the Class Representatives on
23 behalf of Class Members, seek compensatory damages in an amount to be proven at trial, but believed
24 to exceed \$125,000,000, interest on that amount believed to exceed \$8,750,000, treble damages
25 pursuant to statute believed to exceed \$267,500,000, for a total of \$401,250,000, plus attorneys fees
26 pursuant to statute and the Court's equitable powers, and punitive damages pursuant to California
27 Code of Civil Procedure §3294;

28 5. For the Financial Elder Abuse cause of action, the Elder Abuse Representatives seek

1 compensatory damages in an amount to be proven at trial, for relief consistent with Probate Code §
2 859, for punitive damages, for relief consistent with Civil Code § 3345, and for reasonable attorneys'
3 fees and costs;

4 6. For reasonable attorneys' fees and costs of suit as permitted by law, including, but not
5 limited to Code of Civil Procedure Section 1021.5;

6 7. For injunctive relief requiring CITY NATIONAL BANK to implement training for its
7 bank branch managers, including FITZWILLIAM, to undergo financial fraud detection training in a
8 course approved by the Association of Certified Anti-Money Laundering Specialists; and,

9 8. For such other and further relief as the Court may deem just and proper.

10 **JURY TRIAL DEMAND**

11 Plaintiffs hereby demand a trial by jury for all issues so triable.

12
13 Dated: March 29, 2017

Respectfully Submitted,
WARD & HAGEN LLP

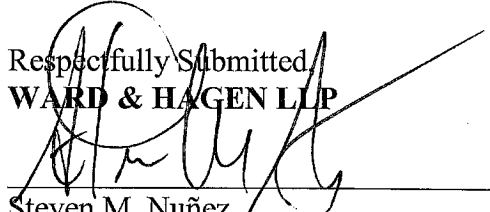
14
15 By: 
16 *Attorneys for Plaintiffs*

EXHIBIT A

BRIAN FITZWILLIAM

NATIONWIDE AUTOMATED SYSTEMS, INC.

22048 SHERMAN WAY, SUITE 111
CANOGA PARK, CA 91303
818-716-6790
FAX: 818-673-1945

ATM EQUIPMENT PURCHASE AGREEMENT

11 / 27, 2006

This undersigned, as BUYER, hereby agrees to purchase from NATIONWIDE AUTOMATED SYSTEMS, INC., ("SELLER"), the automated teller machine(s) ("ATMs") listed and described on Schedule A attached hereto and incorporated herein by reference.

The total purchase price to be paid by BUYER to SELLER for the ATMs shall be as follows:

NUMBER OF
ATMs

10

PRICE PER
ATM

\$12,000

\$ 120,000.⁰⁰

TOTAL PURCHASE PRICE:

\$ 120,000.⁰⁰

LESS: BUYER'S DEPOSIT

\$ 120,000.⁰⁰

BALANCE DUE ON SIGNING:

\$ 0

SELLER shall deliver the ATM(s) to location written on Exhibit A within sixty (60) days of the date hereof. If SELLER fails to make delivery of the ATM(s) within said sixty (60) day period, BUYER shall be entitled to cancel this contract and to receive a refund of the monies previously paid to SELLER, without interest thereon or deduction therefrom. The refund of BUYER's payments to SELLER shall be BUYER's sole and exclusive remedy hereunder.

SELLER hereby warrants that the ATM(s) purchased by BUYER shall, at the time of delivery, be free and clear of all liens, claims, debts, encumbrances, security interests, or other charges.

R00005014

IN WITNESS WHEREOF the parties have executed this Agreement on the date first set forth above.

NATIONWIDE AUTOMATED SYSTEMS, INC.
A California Corporation

By: Joel Keller

Title: President

By: _____

Title: _____

BUYER:

By: Betty L. H. [Signature]

Title: Owner / President

REDACTED

(Telephone Number)
Social Security Number: REDACTED

EXHIBIT "A"

Brian Fitzwilliam

HOTEL NAME	Marriott Hotel	Embassy Suites	Omni Hotel
ADDRESS	1414 So. Patterson	3332 S. 79 th E. Ave.	100 S. 12 th St.
CITY, STATE	Dayton, Oh.	Tulsa, Ok.	Richmond, Va.
SERIAL NUMBER	TR-401721	TR-443685	TR-413137

HOTEL NAME	Marriott Hotel	Hilton Hotel	Omni Hotel
ADDRESS	5801 Opus Parkway	500 W. Third Ave.	235 W. Main St.
CITY, STATE	Minnetonka, Mn.	Anchorage, Ak.	Charlottesville, Va.
SERIAL NUMBER	TR-401725	TR-401822	TR-413154

HOTEL NAME	Hyatt Hotel	Omni Hotel	
ADDRESS	1 Grand Cypress Blvd.	40 W. Jackson Place	
CITY, STATE	Orlando, Fl.	Indianapolis, In.	
SERIAL NUMBER	TR-401780	TR-413105	

HOTEL NAME	Hyatt Hotel	Omni Hotel	
ADDRESS	Fairlane Town Center	900 N. Shoreline Drive	
CITY, STATE	Dearborn, Mi.	Corpus Christi, Tx.	
SERIAL NUMBER	TR-401793	TR-413117	

HOTEL NAME			
ADDRESS			
CITY, STATE			
SERIAL NUMBER			

490156243920 497157 REV 0604 213518044

HOLD DOCUMENT UP TO THE LIGHT TO VIEW TRUE WATERMARK

Washington Mutual Bank

OFFICIAL CHECK

16-371712210 003707825

** 10 MACHINES **

MATCH THE AMOUNT IN WORDS WITH THE AMOUNT IN NUMBERS

WASHINGTON MUTUAL **100,000.00**

Nov 25, 2006 120 THOUSAND DOLLARS AND 00 CENTS

PAY TO THE ORDER OF **NATIONWIDE AUTOMATED SYSTEM, INC**

DRAWER: Washington Mutual Bank

AUTHORIZED SIGNATURE
RENDERER
PATRICK FITZMILLIAN

1216 115

Issued by: Integrated Payment Systems, Inc., Englewood, Colorado. Wells Fargo Bank, N.A., Los Angeles, CA

⑈054086⑈ ⑆122037171⑆ 68000003707825⑈

R00005019

NATIONWIDE AUTOMATED SYSTEMS, INC.

22048 SHERMAN WAY, SUITE 111
CANOGA PARK, CA 91303
818-716-8790
FAX: 818-673-1945

ATM EQUIPMENT LEASE AGREEMENT

This agreement ("Agreement") is made as of 11/27, 2006
by and between NATIONWIDE AUTOMATED SYSTEMS, INC. ("NASI") and
Bribe Services

("Lessor").

RECITALS

A. NASI is in the business of placing, operating and maintaining automated teller machines ("ATMs").

B. Lessor is the owner of the ATM(s) listed and described on Schedule A attached hereto.

C. NASI desires to lease from Lessor the ATM(s) listed and described on Schedule A on the terms and conditions set forth herein.

D. Lessor desires to lease such ATM(s) to NASI on such terms and conditions.

NOW, THEREFORE, with respect to the foregoing recitals and in consideration of the following, the parties hereto represent, acknowledge and agree as follows:

1. Lease of Equipment. Lessor hereby leases to NASI, and NASI hereby leases from Lessor, the ATM(s) listed and described on Schedule A attached hereto and incorporated herein by reference.

2. Term. The initial term of this Agreement shall be for a period of ten (10) years commencing on the date first written above. The Agreement shall be automatically renewed for additional three (3) year periods thereafter unless the lessor provides written notice at least sixty (60) days prior to the end of the initial term or any subsequent renewal term of its desire to terminate this Agreement.

set forth above.

NATIONWIDE AUTOMATED SYSTEMS, INC.
A California Corporation

By: Joel Mills
Title: President

LESSOR:

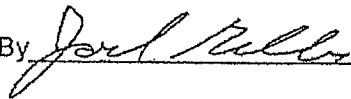
By: Betty Laht RA
Title: Owner / President

Nationwide Automated Systems, Inc.

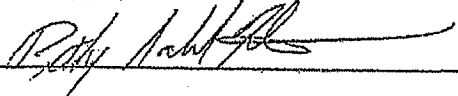
ADDENDUM TO OWNER LEASE AGREEMENT

- 1) If at anytime the owner's ATM machine fails to make enough transactions To pay the owner a monthly check equivalent to a twenty (20%) percent Annual return on the owner's investment of \$12,000. Nationwide Automated Systems, Inc. guarantees to pay owner the difference between what the Owner has received and \$2,400. This is based on a rental fee of \$.50 Per transaction. This is done on an annual basis calculating from the installation month.
- 2) At anytime after the first two years of ownership, should the owner wish to Sell his or her ATM's, N.A.S.I. guarantees it will purchase said ATM's from Owner for the original sales price of \$12,000.

Nationwide Automated Systems, Inc.

By 

Owner

By 

NATIONWIDE AUTOMATED SYSTEMS, INC.

22048 SHERMAN WAY, SUITE 111
CANOGA PARK, CA 91303
818-716-6790
FAX: 818-673-1945

ATM EQUIPMENT PURCHASE AGREEMENT

JUNE 1, 2007

This undersigned, as BUYER, hereby agrees to purchase from NATIONWIDE AUTOMATED SYSTEMS, INC., ("SELLER"), the automated teller machine(s) ("ATMs") listed and described on Schedule A attached hereto and incorporated herein by reference.

The total purchase price to be paid by BUYER to SELLER for the ATMs shall be as follows:

NUMBER OF ATMs	PRICE PER ATM	
10	1612,000	
		<u>\$120,000</u>
TOTAL PURCHASE PRICE:		<u>\$120,000</u>
LESS: BUYER'S DEPOSIT		<u>\$120,000</u>
BALANCE DUE ON SIGNING:		<u>\$ = 0 =</u>

SELLER shall deliver the ATM(s) to location written on Exhibit A within sixty (60) days of the date hereof. If SELLER fails to make delivery of the ATM(s) within said sixty (60) day period, BUYER shall be entitled to cancel this contract and to receive a refund of the monies previously paid to SELLER, without interest thereon or deduction therefrom. The refund of BUYER's payments to SELLER shall be BUYER's sole and exclusive remedy hereunder.

SELLER hereby warrants that the ATM(s) purchased by BUYER shall, at the time of delivery, be free and clear of all liens, claims, debts, encumbrances, security interests, or other charges.

IN WITNESS WHEREOF the parties have executed this Agreement on the date first set forth above.

NATIONWIDE AUTOMATED SYSTEMS, INC.
A California Corporation

By: Joel Miller
Title: President

By: _____

Title: _____

BUYER:

By: [Signature]

Title: _____

REDACTED

(Telephone Number)
Social Security Number: _____

EXHIBIT "A"

Bribe Services

HOTEL NAME	Westin Hotel	Hyatt Hotel	Sheraton Hotel
ADDRESS	675 El Camino Real	1800 Presidents Street	1400 Sixth Ave.
CITY, STATE	Palo Alto, Ca.	Reston, Va.	Seattle, Wa.
SERIAL NUMBER	MB-815130	TR-321118	TR-401542

HOTEL NAME	Westin Hotel	Wyndham Hotel	Marriott Hotel
ADDRESS	310 S. High St.	215 West South Temple	51 S Forrest Beach Road
CITY, STATE	Columbus, Oh.	Salt Lake City, Ut.	Hilton Head Island, S.C.
SERIAL NUMBER	MB-815409	TR-371809	TR-441168

HOTEL NAME	Sheraton Hotel	Wyndham Hotel	
ADDRESS	100 E. River Drive	4801 LBJ Parkway	
CITY, STATE	Hartford, Ct.	Dallas, Tx.	
SERIAL NUMBER	MB-815752	TR-372006	

HOTEL NAME	Sheraton Hotel	Marriott Hotel	
ADDRESS	39 Dalton Street	555 So. Alamo	
CITY, STATE	Boston, Ma.	San Antonio, Tx.	
SERIAL NUMBER	MB-817025	TR-396338	

HOTEL NAME			
ADDRESS			
CITY, STATE			
SERIAL NUMBER			

490150240020 490157 REV2 0904/0125/10044

HOLD DOCUMENT UP TO THE LIGHT TO VIEW TRUE WATERMARK

Washington Mutual Bank

OFFICIAL CHECK

16-3117A720 **808322411**

MATCH THE AMOUNT IN WORDS WITH THE AMOUNT IN NUMBERS

WASHINGTON MUTUAL **120,000.00**

*****Jun 27, 2007 120 THOUSAND DOLLARS AND 00 CENTS*****

PAY ☐ **NATIONWIDE AUTOMATED SYSTEMS, INC.**

TO THE ORDER OF ☐

DRAWER: Washington Mutual Bank

[Signature]

AUTHORIZED SIGNATURE
REMITTER
BRISET SERVICES

1053 113

Issued by Integrated Payment Systems Inc., Enslinwood, Colorado With Fargo Bank Ltd, N.A., Los Angeles, CA

⑈054086⑈ ⑆122037171⑆ 68000808322411⑈

R00005013

set forth above.

NATIONWIDE AUTOMATED SYSTEMS, INC.
A California Corporation

By: Jack Muller
Title: President

LESSOR:
By: [Signature]
Title: _____

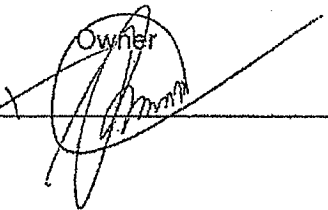
Nationwide Automated Systems, Inc.

ADDENDUM TO OWNER LEASE AGREEMENT

- 1) If at anytime the owner's ATM machine fails to make enough transactions To pay the owner a monthly check equivalent to a twenty (20%) percent Annual return on the owner's investment of \$12,000. Nationwide Automated Systems, Inc. guarantees to pay owner the difference between what the Owner has received and \$2,400. This is based on a rental fee of \$.50 Per transaction. This is done on an annual basis calculating from the installation month.
- 2) At anytime after the first two years of ownership, should the owner wish to Sell his or her ATM's, N.A.S.I guarantees it will purchase said ATM's from Owner for the original sales price of \$12,000.

Nationwide Automated Systems, Inc.

By Joel Mullis 6-1-07

By 
Owner

NATIONWIDE AUTOMATED SYSTEMS, INC.

22048 SHERMAN WAY, SUITE 111
CANOGA PARK, CA 91303
818-716-6790
FAX: 818-673-1945

ATM EQUIPMENT PURCHASE AGREEMENT

JULY 1, 2008

This undersigned, as BUYER, hereby agrees to purchase from NATIONWIDE AUTOMATED SYSTEMS, INC., ("SELLER"), the automated teller machine(s) ("ATMs") listed and described on Schedule A attached hereto and incorporated herein by reference.

The total purchase price to be paid by BUYER to SELLER for the ATMs shall be as follows:

<u>NUMBER OF ATMs</u>	<u>PRICE PER ATM</u>	
<u>10</u>	<u>\$12,000</u>	<u>\$120,000</u>
TOTAL PURCHASE PRICE:		<u>\$120,000</u>
LESS: BUYER'S DEPOSIT		<u>\$120,000</u>
BALANCE DUE ON SIGNING:		<u>\$ - 0 =</u>

SELLER shall deliver the ATM(s) to location written on Exhibit A within sixty (60) days of the date hereof. If SELLER fails to make delivery of the ATM(s) within said sixty (60) day period, BUYER shall be entitled to cancel this contract and to receive a refund of the monies previously paid to SELLER, without interest thereon or deduction therefrom. The refund of BUYER's payments to SELLER shall be BUYER's sole and exclusive remedy hereunder.

SELLER hereby warrants that the ATM(s) purchased by BUYER shall, at the time of delivery, be free and clear of all liens, claims, debts, encumbrances, security interests, or other charges.

IN WITNESS WHEREOF the parties have executed this Agreement on the
date first set forth above.

NATIONWIDE AUTOMATED SYSTEMS, INC.
A California Corporation

By: Joseph P. Miller
Title: President

By: _____

Title: _____

BUYER:

By: [Signature]

Title: Owner

REDACTED

(Telephone Number)
Social Security Number: _____

EXHIBIT "A"

Bribe Services

HOTEL NAME	Hilton Hotel	Embassy Suites	Hilton Hotel
ADDRESS	333 St. Charles Ave.	28100 Franklin Road.	8629 JM Keynes Drive
CITY, STATE	New Orleans, La.	Southfield, Mi.	Charlotte, N.C.
SERIAL NUMBER	FC-777311	FC-777393	FC-777467

HOTEL NAME	Doubletree Hotel	Hilton Garden Inn	Embassy Suites
ADDRESS	44 Middlesex Turnpike	411 Minnesota St.	555 So. 10 th St.
CITY, STATE	Bedford, Ma.	St. Paul, Mn.	Omaha, Ne.
SERIAL NUMBER	FC-777333	FC-777418	FC-777494

HOTEL NAME	Doubletree Hotel	Hilton Hotel	
ADDRESS	5400 Computer Drive	8801 NW 112 th St.	
CITY, STATE	Westborough, Ma.	Kansas City, Mo.	
SERIAL NUMBER	FC-777345	FC-777439	

HOTEL NAME	Hilton Hotel	Hilton Hotel	
ADDRESS	1739 W. Nursery Road	1001 E. County Line Road	
CITY, STATE	Linthicum Hights, Md.	Jackson, Ms.	
SERIAL NUMBER	FC-777368	FC-777456	

HOTEL NAME			
ADDRESS			
CITY, STATE			
SERIAL NUMBER			

Wash. MUTUAL OFFICIAL CHECK 62-207311 2344601755

MATCH THE AMOUNT IN WORDS WITH THE AMOUNT IN NUMBERS

WASHINGTON MUTUAL 120,000.00

JUL 19, 2006 120 THOUSAND DOLLARS AND 00 CENTS

Pay to the order of: NATIONWIDE AUTOMATED SYSTEMS INC.

DRAWER: Washington Mutual Bank

[Signature] AUTHORIZED SIGNATURE

REMITTER: BRIEBY SERVICES 1216 103

Circle K, R.L.A. • One Penn's Way • New Castle DE 19720

⑈2344601755⑈ ⑆031100209⑆ 38769931⑈

R00005007

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NATIONWIDE AUTOMATED SYSTEMS, INC.

22048 SHERMAN WAY, SUITE 111
CANOGA PARK, CA 91303
818-716-6790
FAX: 818-673-1945

ATM EQUIPMENT LEASE AGREEMENT

This agreement ("Agreement") is made as of 7-1, 2008
by and between NATIONWIDE AUTOMATED SYSTEMS, INC. ("NASI") and
BRIBOT SERVICES ("Lessor").

RECITALS

A. NASI is in the business of placing, operating and maintaining automated teller machines ("ATMs").

B. Lessor is the owner of the ATM(s) listed and described on Schedule A attached hereto.

C. NASI desires to lease from Lessor the ATM(s) listed and described on Schedule A on the terms and conditions set forth herein.

D. Lessor desires to lease such ATM(s) to NASI on such terms and conditions.

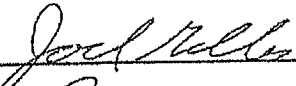
NOW, THEREFORE, with respect to the foregoing recitals and in consideration of the following, the parties hereto represent, acknowledge and agree as follows:

1. **Lease of Equipment.** Lessor hereby leases to NASI, and NASI hereby leases from Lessor, the ATM(s) listed and described on Schedule A attached hereto and incorporated herein by reference.

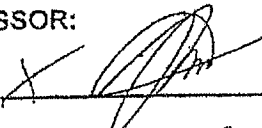
2. **Term.** The initial term of this Agreement shall be for a period of ten (10) years commencing on the date first written above. The Agreement shall be automatically renewed for additional three (3) year periods thereafter unless the lessor provides written notice at least sixty (60) days prior to the end of the initial term or any subsequent renewal term of its desire to terminate this Agreement.

set forth above.

NATIONWIDE AUTOMATED SYSTEMS, INC.
A California Corporation

By: 
Title: President

LESSOR:

By: 
Title: Owner

Nationwide Automated Systems, Inc.

ADDENDUM TO OWNER LEASE AGREEMENT

- 1) If at anytime the owner's ATM machine fails to make enough transactions To pay the owner a monthly check equivalent to a twenty (20%) percent Annual return on the owner's investment of \$12,000. Nationwide Automated Systems, Inc. guarantees to pay owner the difference between what the Owner has received and \$2,400. This is based on a rental fee of \$.50 Per transaction. This is done on an annual basis calculating from the installation month.
- 2) At anytime after the first two years of ownership, should the owner wish to Sell his or her ATM's, N.A.S.I-guarantees it will purchase said ATM's from Owner for the original sales price of \$12,000.

Nationwide Automated Systems, Inc.

By James Keller 6-27-08

Owner
By [Signature]

IN WITNESS WHEREOF the parties have executed this Agreement on the date first set forth above.

NATIONWIDE AUTOMATED SYSTEMS, INC.
A California Corporation

By: Joel Mills

Title: President

By: _____

Title: _____

BUYER:

By: X [Signature]

Title: Owner

REDACTED

(Telephone Number)

Social Security Number: _____

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NATIONWIDE AUTOMATED SYSTEMS, INC.

22048 SHERMAN WAY, SUITE 111
CANOGA PARK, CA 91303
818-716-6790
FAX: 818-673-1945

ATM EQUIPMENT LEASE AGREEMENT

This agreement ("Agreement") is made as of JUNE 30, 2009
by and between NATIONWIDE AUTOMATED SYSTEMS, INC. ("NASI") and
BRIDGET SERVICES ("Lessor").

RECITALS

A. NASI is in the business of placing, operating and maintaining automated teller machines ("ATMs").

B. Lessor is the owner of the ATM(s) listed and described on Schedule A attached hereto.

C. NASI desires to lease from Lessor the ATM(s) listed and described on Schedule A on the terms and conditions set forth herein.

D. Lessor desires to lease such ATM(s) to NASI on such terms and conditions.

NOW, THEREFORE, with respect to the foregoing recitals and in consideration of the following, the parties hereto represent, acknowledge and agree as follows:

1. Lease of Equipment. Lessor hereby leases to NASI, and NASI hereby leases from Lessor, the ATM(s) listed and described on Schedule A attached hereto and incorporated herein by reference.

2. Term. The initial term of this Agreement shall be for a period of ten (10) years commencing on the date first written above. The Agreement shall be automatically renewed for additional three (3) year periods thereafter unless the lessor provides written notice at least sixty (60) days prior to the end of the initial term or any subsequent renewal term of its desire to terminate this Agreement.

NATIONWIDE AUTOMATED SYSTEMS, INC.
A California Corporation

By: James M. Miller
Title: President

LESSOR:

By: X [Signature]
Title: Owner

Nationwide Automated Systems, Inc.

ADDENDUM TO OWNER LEASE AGREEMENT

- 1) If at anytime the owner's ATM machine fails to make enough transactions To pay the owner a monthly check equivalent to a twenty (20%) percent Annual return on the owner's investment of \$12,000. Nationwide Automated Systems, Inc. guarantees to pay owner the difference between what the Owner has received and \$2,400. This is based on a rental fee of \$.50 Per transaction. This is done on an annual basis calculating from the installation month.
- 2) At anytime after the first two years of ownership, should the owner wish to Sell his or her ATM's, N.A.S.I guarantees it will purchase said ATM's from Owner for the original sales price of \$12,000.

Nationwide Automated Systems, Inc.

By Joel Kelly 6-30-09

Owner: [Signature]
By_X [Signature]

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