

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

CASE NO. **12-20756** CR-ROSENBAUM

18 U.S.C. § 371
18 U.S.C. § 1341
18 U.S.C. § 1343
18 U.S.C. § 2326
18 U.S.C. § 2

U.S. DISTRICT JUDGE
CROW
FILED by: *ABS*
OCT 02 2012
STEVEN M. LARIMORE
CLERK U.S. DIST. CT
S. D. of FLA. - MIAMI

UNITED STATES OF AMERICA

vs.

EDWARD MORRIS "NED" WEAVER,
LAWRENCE A. KAPLAN,
SCOTT M. DOUMAS,
MARK BENOWITZ,
RICHARD R. GOLDBERG,
RICHARD LINICK,
PAUL E. RAIA,
HOWARD S. STRAUSS,
WALLACE W. "WALLY" DiRENZO,
and
JAMES P. ELLIS,
a/k/a "Max Braddock,"
a/k/a "Patrick Cosgrove,"
a/k/a "Todd Parker,"

Defendants.

INDICTMENT

The Grand Jury charges that:

GENERAL ALLEGATIONS

At various times relevant to this Indictment:

1. Multivend, LLC, d/b/a Vendstar (“Vendstar”) sold vending machine business opportunities to customers throughout the United States, including in Miami-Dade, Broward, and Palm Beach Counties, within the Southern District of Florida. Vendstar was incorporated in Indiana. Vendstar’s principal place of business was in Deer Park, New York.

2. Defendant **EDWARD MORRIS “NED” WEAVER** was the president and chief executive officer of Vendstar. **WEAVER** oversaw Vendstar’s advertising, promotion, and sales, approved which locating companies Vendstar recommended, and was notified of and involved in responding to customer complaints.

3. Defendant **LAWRENCE A. KAPLAN** was the technical support manager for Vendstar. **KAPLAN** received and responded to customer complaints and reported directly to **EDWARD MORRIS “NED” WEAVER**.

4. Defendant **SCOTT M. DOUMAS** was a sales representative and sales manager for Vendstar.

5. Defendants **MARK BENOWITZ, RICHARD R. GOLDBERG, RICHARD LINICK, PAUL E. RAIA, and HOWARD S. STRAUSS** were sales representatives for Vendstar.

6. Defendant **WALLACE W. “WALLY” DiRENZO** operated Nationwide Locating Company, a company Vendstar recommended its customers use to find locations for their vending machines. Nationwide Locating Company was based in North Palm Beach, Florida, in Palm Beach County, within the Southern District of Florida.

7. Defendant **JAMES P. ELLIS, a/k/a “Max Braddock,” a/k/a “Patrick Cosgrove,” a/k/a “Todd Parker”** operated various locating companies Vendstar recommended

its customers use to find locations for their vending machines. These companies included Vending Dreams, Priority Placements, Clear Vision Marketing, Map Marketing, and Secure Placement, which were based at various times in Illinois, Georgia, and Alabama.

COUNT 1
(Conspiracy: 18 U.S.C. § 371)

1. Paragraphs 1 through 7 of the General Allegations section of this Indictment are re-alleged and incorporated by reference as though fully set forth herein.

2. From at least in or around May 2005, through on or about July 2, 2010, in Miami-Dade, Broward, and Palm Beach Counties, within the Southern District of Florida, and elsewhere, the defendants,

**EDWARD MORRIS "NED" WEAVER,
LAWRENCE A. KAPLAN,
SCOTT M. DOUMAS,
MARK BENOWITZ,
RICHARD R. GOLDBERG,
RICHARD LINICK,
PAUL E. RAIA,
HOWARD S. STRAUSS,
WALLACE W. "WALLY" DiRENZO,
and
JAMES P. ELLIS,
a/k/a "Max Braddock,"
a/k/a "Patrick Cosgrove,"
a/k/a "Todd Parker,"**

in connection with the conduct of telemarketing, did willfully, that is, with the intent to further the objects of the conspiracy, and knowingly combine, conspire, confederate and agree with others, known and unknown to the Grand Jury, to commit certain offenses against the United States, that is:

(a) to knowingly and with intent to defraud devise and intend to devise a scheme and artifice to defraud, and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises, knowing that they were false and fraudulent when made, and to deposit and cause to be deposited matter to be sent and delivered by the United States Postal Service and a private and commercial interstate carrier, and to take and receive matter, and knowingly cause to be delivered by the United States Postal Service and a private and commercial interstate carrier, according to the directions thereon, for the purpose of executing the scheme and artifice, in violation of Title 18, United States Code, Section 1341;

(b) to knowingly and with intent to defraud devise and intend to devise a scheme and artifice to defraud, and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises, knowing that they were false and fraudulent when made, and transmit and cause to be transmitted by means of wire communications in interstate and foreign commerce, certain writings, signs, signals, pictures, and sounds, for the purpose of executing the scheme and artifice, in violation of Title 18, United States Code, Section 1343.

PURPOSE OF THE CONSPIRACY

3. It was the purpose of the conspiracy for the defendants and their co-conspirators to unlawfully enrich themselves by obtaining money from customers by means of materially false and fraudulent statements and representations and the concealment of material facts concerning, among other things, the expected profits of the business opportunities and the services that would be provided by Vendstar and the locating companies recommended by Vendstar.

MANNER AND MEANS OF THE CONSPIRACY

The manner and means by which the defendants and their co-conspirators sought to accomplish the objects and purpose of the conspiracy included, among others, the following:

4. Vendstar sold business opportunities to own and operate bulk candy vending machines, which for 25 cents dispensed a handful of loose candy. Vendstar typically offered 20 to 30 vending machines for \$9,995. As part of the business opportunity package, Vendstar promised to provide the following: vending machines, an initial supply of candy, assistance in finding locations for the vending machines, training, and ongoing customer assistance in how to operate a successful vending business.

5. Vendstar placed advertisements on the Internet and in newspapers throughout the United States, including in the Southern District of Florida. The advertisements suggested that a "local vending route" was available and that customers could earn \$800 per day.

6. Prospective customers who responded to the advertisements spoke by telephone with a Vendstar sales representative, including **SCOTT M. DOUMAS, MARK BENOWITZ, RICHARD R. GOLDBERG, RICHARD LINICK, PAUL E. RAIA, and HOWARD S. STRAUSS**. During these telemarketing calls, the Vendstar sales representative described the business opportunity as a low-risk investment in which Vendstar would provide everything needed for the customer to be successful. The Vendstar sales representative said all the customer would have to do is visit the vending machines occasionally to collect the money and put in new candy.

7. Vendstar sent prospective customers by overnight delivery service a promotional packet that included glossy brochures, a CD, and a disclosure statement required by state and federal laws. With the knowledge and approval of Vendstar's management, including

EDWARD MORRIS “NED” WEAVER and **LAWRENCE A. KAPLAN**, Vendstar’s sales representatives routinely removed from the disclosure statements the front page, which contained warnings about the investment and encouraged the prospective customer to speak to an attorney and get other professional advice before purchasing the business opportunity.

8. Vendstar’s sales representatives, including **SCOTT M. DOUMAS**, **MARK BENOWITZ**, **RICHARD R. GOLDBERG**, **RICHARD LINICK**, **PAUL E. RAIA**, and **HOWARD S. STRAUSS**, provided the prospective customer with the telephone number of a locating company, encouraged the prospective customer to contact a locating company, assured the prospective customer that the locating company would find good locations for the vending machines, and touted supposed guarantees in which, if the customer’s machines did not generate a certain amount of income, the locating company would relocate the machines, buy back the machines, or refund the difference between the guaranteed income and the actual income.

9. Vendstar’s sales representatives collectively recommended a variety of locating companies at different times, but recommended only one locating company to any individual prospective customer. The locating companies recommended by Vendstar included the locating companies operated by **WALLACE W. “WALLY” DiRENZO**, **JAMES P. ELLIS**, and other co-conspirators, known and unknown to the Grand Jury. The Vendstar sales representative notified the operator of the recommended locating company of the prospective customer and sometimes coached the operator of the locating company on what to say to the prospective customer. Throughout the process, the Vendstar sales representative and locating company operator frequently exchanged information and coordinated their sales messages to the prospective customer. Even though Vendstar’s sales contract stated that Vendstar had no affiliation or

financial relationship with locating companies and that Vendstar had no involvement in securing locations, Vendstar's management, including **EDWARD MORRIS "NED" WEAVER** and **LAWRENCE A. KAPLAN**, knew that Vendstar's sales representatives worked closely with the locating companies to close sales and encouraged this practice.

10. The operators of certain locating companies paid kickbacks to certain Vendstar managers and sales representatives to reward the Vendstar employees for recommending their locating company and to give the Vendstar employees an incentive to continue to recommend their locating company. **WALLACE W. "WALLY" DiRENZO** was one of the locating company operators who paid kickbacks. **LAWRENCE A. KAPLAN** and **SCOTT M. DOUMAS** were among the Vendstar managers and sales representatives who received kickbacks.

11. The operators of the locating companies recommended by Vendstar, including **WALLACE W. "WALLY" DiRENZO** and **JAMES P. ELLIS**, stated that they would screen potential locations to ensure adequate foot traffic, that high-traffic locations could be found in the prospective customer's area, and that they would send professional "locators" with expertise in finding good locations to the customer's area to place the machines promptly. The operators of the locating companies sometimes even claimed that high-traffic locations already had been found and were waiting in the prospective customer's area. The operators of the locating companies also offered guarantees that appeared to minimize the risk of the investment, including at times guarantees in which the locating company would relocate the customer's machines, buy back the customer's machines, or refund the customer's investment if the business did not achieve a certain level of income. The operators of the locating companies did not mention that their contracts

were written to make it virtually impossible for the customer to comply with the terms required to take advantage of these supposed guarantees.

12. Vendstar sales representatives, including **RICHARD R. GOLDBERG** and **HOWARD S. STRAUSS**, at times told prospective buyers that they were not paid by commission. In reality, Vendstar sales representatives were paid on commission. Such payments were processed by a payroll company headquartered in Miami, Florida.

13. Vendstar encouraged prospective customers to use credit cards and bank wires to purchase the business opportunity. Vendstar deducted from its purchase price the amount customers paid directly to the locating company.

14. The locating companies did not screen potential locations. The locating companies did not have locations awaiting vending machines. The locators sent by the locating companies to place machines were not professionals with special skills, tools, and expertise in finding good locations. The locators placed the machines wherever they could as quickly as they could, often in businesses that had not consented to housing the machines and that soon demanded that the machines be removed. The location companies did not honor their supposed guarantees. The vending machines generated little business. Vendstar's customers lost nearly all if not all of their investments.

15. Vendstar tried to get customers who had purchased the business opportunity to buy additional vending machines. The Vendstar sales representative who was in charge of reorders was a co-conspirator known to the Grand Jury who hereinafter shall be referred to as "A.S." A.S. attempted to persuade customers to order additional vending machines after the customer's first set of vending machines had been delivered, but before the customer had any face-to-face contact with

the locators and the fraudulent nature of the business began to become apparent. A.S. told customers that the additional machines were available at a discount because another Vendstar customer in the area had recently backed out of a purchase. A.S. falsely told customers that the locating company already had found locations for the machines involved in the canceled order and that the customer could place the additional machines in those locations if the customer acted quickly.

16. **WALLACE W. "WALLY" DiRENZO, JAMES P. ELLIS**, and the operator of another locating company – a co-conspirator known to the Grand Jury who hereinafter shall be referred to as "J.P." – worked with A.S. on reorders and reiterated to customers the false information about a canceled deal and the availability of locations that were awaiting machines. The operators of the locating companies sometimes spoke to customers one-on-one and sometimes during three-way conference calls that also involved A.S.

17. During attempted reorders, A.S. and **JAMES P. ELLIS** sometimes used a variation of the canceled order story described above. In these instances, A.S. and **ELLIS** falsely claimed that another Vendstar customer with a large vending route was moving out of the area and taking his vending machines with him. A.S. and **ELLIS** falsely claimed that the customer targeted for the reorder could move the additional machines into the locations being vacated by the departing customer if the prospective reorder customer moved quickly to purchase additional machines.

18. Vendstar management, including **EDWARD MORRIS "NED" WEAVER** and **LAWRENCE A. KAPLAN**, and Vendstar's sales representatives, including **SCOTT M. DOUMAS, MARK BENOWITZ, RICHARD R. GOLDBERG, RICHARD LINICK, PAUL**

E. RAIA, and **HOWARD S. STRAUSS**, knew about and approved the fraudulent reorder tactics that were used by A.S. and the operators of the locating companies.

19. Many Vendstar customers complained to Vendstar about the quality of the machines, the quality of the candy Vendstar provided, the locations in which the machines were placed, the locating companies that Vendstar had recommended, the locators sent by the locating companies, and the lack of income generated by the vending machines. Complaining customers spoke to **LAWRENCE A. KAPLAN** and sometimes also spoke to their sales representative and to **EDWARD MORRIS "NED" WEAVER**. **WEAVER** and **KAPLAN** tried to lull the customers into continuing to believe the business was legitimate and tried to discourage the customers from further pursuing their complaints. **WEAVER** and **KAPLAN** tried to make the complaining customers feel isolated by blaming the customers for the failure of their businesses, falsely claiming that Vendstar had not received such kinds of complaints before, and falsely stating that Vendstar's other customers were successful and satisfied. **WEAVER** and **KAPLAN** also claimed Vendstar was not responsible for the locating companies' lack of performance and that Vendstar had fulfilled what the sales contract required.

20. To fraudulently induce others to purchase the business opportunities, the defendants and their co-conspirators made, and caused others to make, numerous materially false statements, and omitted and concealed, and caused others to omit and conceal, numerous material facts, including, among others, the following:

Materially False Statements

a. That customers who purchased the business opportunity would earn substantial profits;

- b. That customers' vending machines would sell their entire stock of candy three to four times per year;
 - c. That customers would earn back their investment in one year or less;
 - d. That the Vendstar sales representative personally owned and operated a highly profitable vending machine route;
 - e. That the locating company Vendstar recommended would secure – and, in some cases, already had secured – high-traffic locations for the prospective customer's vending machines;
 - f. That the recommended locating company's locators were familiar with the customer's area and had expertise in finding good locations;
 - g. That the recommended locating company's locators would allow the customer to approve or reject each potential location;
 - h. That if the customer purchased additional machines, the customer could place those machines in locations that already had been secured for another Vendstar customer in the area who had canceled his order;
 - i. That Vendstar was not associated with the recommended locating company, even though Vendstar's sales representatives worked closely with the recommended locating companies to close deals and the operators of some locating companies paid kickbacks to certain Vendstar managers and sales representatives who recommended their locating company;
 - j. That the Vendstar sales representative was not paid by sales commission;
- and

k. That Vendstar would assist the customer in operating the business for the lifetime of the business.

Omission/Concealment of Material Facts

l. That the candy Vendstar shipped to customers was often stale and rotten;

m. That Vendstar received numerous complaints from previous customers who said the recommended locating company's locators dumped the machines anywhere, including in businesses that had not given permission for the machines to be placed, businesses that already had other Vendstar vending machines, and businesses that had few customers;

n. That Vendstar received numerous complaints from previous customers about the lack of profitability of the business;

o. That certain locating companies recommended by Vendstar regularly changed their names to create the appearance of having a clean record and to avoid association with past complaints;

p. That the operators of certain locating companies recommended by Vendstar regularly used aliases to avoid association with previous complaints;

q. That Vendstar continued to recommend that customers use locating companies operated by **JAMES P. ELLIS** after FBI agents interviewed Vendstar employees in 2009 as part of an investigation into **ELLIS'** locating practices;

r. That locating companies that claimed to have already secured locations in a prospective customer's area had not already secured locations;

s. That locating companies that claimed to offer various warranties rarely if ever honored the purported warranties; and

t. That the disclosure statement Vendstar was required by law to send to prospective customers was supposed to include a front page that contained warnings about purchasing the business opportunity.

21. As a result of the materially false statements and the omission and concealment of material facts, the defendants and their co-conspirators fraudulently induced the following individuals, among others, to purchase the business opportunity: G.N. in New York, J.C. in the Southern District of Florida, G.S. in North Carolina, L.C. in Texas, M.N. in the Southern District of Florida, R.M. in Texas, H.S. in Michigan, K.E. in Massachusetts, D.B. in South Carolina, J.R. in Indiana, S.T. in the Southern District of Florida, C.M. in Florida, D.S. in Michigan, J.K. in California, T.R. in the Southern District of Florida, A.P. in Florida, P.G. in the Southern District of Florida, F.S. in the Southern District of Florida, A.K.S. in California, M.I. in Pennsylvania, J.J. in Tennessee, M.Y. in California, S.W. in Pennsylvania, G.M. in Louisiana, J.E. in Florida, D.D. in Missouri, B.B. in Missouri, M.C. in the Southern District of Florida, A.C. in New York, M.P. in California, D.A. in the Southern District of Florida, J.S. in Indiana, R.P. in New Jersey, K.G. in Mississippi, S.L. in Texas, and C.L.M. in Louisiana.

OVERT ACTS

In furtherance of the conspiracy, and to effect its objects, at least one co-conspirator committed, and caused to be committed, within the Southern District of Florida and elsewhere, at least one of the following overt acts, among others:

1. On or about May 26, 2005, **SCOTT M. DOUMAS** spoke by telephone to prospective customer G.N. in New York, said he operated a profitable vending route of 100 machines, stated that G.N. would recover his investment within one year, and recommended that

G.N. have his machines placed by Vending Dreams, the locating company operated by **JAMES P. ELLIS**.

2. On or about April 14, 2006, **EDWARD MORRIS "NED" WEAVER** sent a letter to customer G.N. in New York, who had complained to Vendstar about the unsatisfactory services provided by Vending Dreams, the locating company operated by **JAMES P. ELLIS** that had been recommended to G.N. by **SCOTT M. DOUMAS**. In the letter to G.N., **WEAVER** said Vending Dreams' behavior was "despicable," but stated that Vendstar had "nothing to do with locating companies."

3. On or about July 14, 2006, **SCOTT M. DOUMAS** spoke by telephone to prospective customer J.C. in the Southern District of Florida and said each vending machine would earn \$100 per month.

4. On or about December 6, 2006, **EDWARD MORRIS "NED" WEAVER** sent a letter to customer G.S. in North Carolina. G.S. had requested a refund from **WEAVER** on the grounds that G.S.'s sales representative had exaggerated the amount of sales G.S.'s machines would make, A.S. had tried to sell additional machines by saying that a Vendstar customer in a nearby town had delayed his purchase, and the locating company recommended by G.S.'s sales representative was unable to find satisfactory locations for the machines in G.S.'s area. In the letter to G.S., **WEAVER** refused to give G.S. a refund and said that Vendstar had "nothing to do with securing locations."

5. On or about December 18, 2006, **EDWARD MORRIS "NED" WEAVER** sent a letter to customer G.S. in North Carolina in which **WEAVER** refused to give G.S. a refund, said Vendstar did not "work with the locating companies," and denied a "pattern of deception."

6. On or about January 30, 2007, **SCOTT M. DOUMAS** spoke by telephone to prospective customer L.C. in Texas and recommended that L.C. speak to and hire J.P.'s locating company to place his machines.

7. On or about February 13, 2007, **EDWARD MORRIS "NED" WEAVER** sent a letter to customer G.S. in North Carolina in which Weaver refused to give G.S. a refund and said Vendstar had "no affiliation with locating."

8. On or about June 18, 2007, **MARK BENOWITZ** spoke by telephone to prospective customer M.N. in the Southern District of Florida, said he and his wife operated a profitable vending route, and claimed that Vendstar's customers were making lots of money.

9. On or about June 29, 2007, **SCOTT M. DOUMAS** spoke by telephone to prospective customer R.M. in Texas, said he operated a profitable vending route of at least 100 machines, and recommended that R.M. speak to and hire J.P.'s locating company to place his machines.

10. On or about September 5, 2007, **LAWRENCE A. KAPLAN** spoke by telephone to customer H.S. in Michigan, who had filed a complaint with the Michigan attorney general regarding his purchase of the business opportunity from Vendstar for approximately \$9,854. When H.S. told **KAPLAN** that his Vendstar sales representative and J.P. had guaranteed profits that his business had not achieved, **KAPLAN** said Vendstar did not have any complaints, claimed he had never heard such kinds of complaints about the Vendstar sales representative involved in the sale to H.S., accused H.S. of committing perjury in his complaint to the Michigan attorney general, and warned H.S. to be worried because the Michigan attorney general would not take lightly the purportedly untruthful information in H.S.'s complaint.

11. On or about September 6, 2007, **EDWARD MORRIS "NED" WEAVER** sent a letter to customer H.S. in Michigan, in which **WEAVER** accused H.S. of harassment, said H.S.'s complaint was fraudulent, and offered to pay H.S. a \$1,000 refund and give him 300 pounds of candy if H.S. withdrew his complaint to the Michigan attorney general.

12. On or about November 8, 2007, **SCOTT M. DOUMAS** spoke by telephone to prospective customer K.E. in Massachusetts, said he operated a profitable vending route of at least 100 machines, and recommended that K.E. speak to and hire J.P.'s locating company to place her machines.

13. In approximately December 2007, **EDWARD MORRIS "NED" WEAVER** spoke by telephone to customer D.B. in South Carolina. D.B. told **WEAVER** that his Vendstar sales representative had recommended J.P. as a locator and that J.P.'s locating company was a "scam." **WEAVER** denied that Vendstar was affiliated with J.P.'s locating company and claimed that motivated Vendstar customers succeeded in the business.

14. In approximately December 2007, **EDWARD MORRIS "NED" WEAVER** spoke by telephone to customer L.C. in Texas. L.C. told **WEAVER** that his sales representative, **SCOTT M. DOUMAS**, recommended J.P.'s locating company, that J.P. told L.C. that good locations were available in L.C.'s area, that J.P. guaranteed that L.C.'s vending machines would generate \$2.50 in sales per day per machine, that the locators sent by J.P. were "shady characters at best," that the locations these locators found were unsatisfactory, and that J.P. threatened to sue L.C. after L.C. complained to the Better Business Bureau. **WEAVER** said things worked out for the majority of Vendstar customers and that he would not "own up to" any of the mistakes made by J.P.

15. In approximately December 2007, **EDWARD MORRIS "NED" WEAVER** spoke by telephone to customer R.M. in Texas. R.M. told **WEAVER** that his sales representative, **SCOTT M. DOUMAS**, had claimed to operate a profitable vending route, that **DOUMAS** had recommended J.P.'s locating company, that Vendstar sales representative A.S. said locations were available in R.M.'s area because another Vendstar customer had backed out of a deal, that the locations found by J.P.'s locating company were unsatisfactory, and that J.P. left R.M. a profane telephone message after R.M. complained to the Better Business Bureau. **WEAVER** said that less than 1% of Vendstar's customers complained and that he had not previously heard of the type of problems R.M. described.

16. In approximately December 2007, **EDWARD MORRIS "NED" WEAVER** spoke by telephone to customer J.R. in Indiana. J.R. told **WEAVER** that his Vendstar sales representative had claimed he operated 150 vending machines, that each vending machine collected more than \$3 per day on average, and that J.P. said there already were 300 locations awaiting machines in J.R.'s county. J.R. told **WEAVER** that A.S. persuaded J.R. to buy additional machines by saying that another Vendstar customer had backed out of a deal and that J.R. could place his machines in locations that already had been found for the customer who had backed out of the deal. J.R. told **WEAVER** that the locators sent by J.P. knew nothing about locations that supposedly were awaiting vending machines and instead placed the machines in random, unsatisfactory locations. **WEAVER** said he could count on one hand the number of times he had spoken to J.P.

17. In approximately December 2007, **EDWARD MORRIS "NED" WEAVER** spoke by telephone to the operator of a locating company, a co-conspirator known to the Grand

Jury who hereinafter shall be referred to as J.B. J.B. told **WEAVER** that Vendstar had power over the locating companies and that the locating companies would say whatever Vendstar wanted. J.B. said he previously had warned **WEAVER** that the tactics **JAMES P. ELLIS** used when he was operating Vending Dreams would get Vendstar in trouble. J.B. told **WEAVER** that **ELLIS** was using the name "Patrick Cosgrove" and was operating a company called Clear Vision. J.B. also told **WEAVER** that J.P. was breaking the law by telling potential Vendstar customers that she had pre-approved locations in their area and guaranteeing that the customers would earn a certain amount of money from their vending machines. **WEAVER** said that what J.B. had said was news to him and said that Vendstar tried to distance itself from the locating companies.

18. On or about April 17, 2008, **RICHARD LINICK** spoke by telephone to prospective customer S.T. in the Southern District of Florida, said he and his daughter operated a profitable vending route, and recommended that S.T. speak to and hire J.P. to place her machines.

19. On or about July 2, 2008, **MARK BENOWITZ** spoke by telephone to prospective customer C.M. in Florida, predicted that C.M. would recover her investment within one year, and said finding good locations was easy.

20. In approximately August 2008, **LAWRENCE A. KAPLAN** spoke by telephone to customer D.S. in Michigan. When D.S. complained about the quality of the vending machines, the locating company, and the lack of business his vending machine were doing, **KAPLAN** said D.S.'s lack of earnings was "not our problem" and claimed that Vendstar had "hundreds of thousands of successful vendors."

21. In approximately September 2008, **LAWRENCE A. KAPLAN** spoke by telephone to customer J.K. in California, who had left a voice mail complaint for **EDWARD MORRIS "NED" WEAVER**. **KAPLAN** told J.K. not to bother **WEAVER** with complaints.

22. On or about November 18, 2008, **JAMES P. ELLIS** sent under the name "Patrick Cosgrove" an email message to A.S. about the status of potential reorders.

23. On or about January 21, 2009, **WALLACE W. "WALLY" DiRENZO**, within the Southern District of Florida, spoke by telephone to prospective customer T.R., also within the Southern District of Florida. **DiRENZO** said T.R.'s area was a good place for a vending business, there were not many other vending machines in the area, T.R. would make lots of money, and T.R. would quickly recover his investment.

24. On or about February 6, 2009, **PAUL E. RAIA** spoke by telephone to prospective customer A.P. in Florida, said he operated a profitable vending route of 300 machines, said Vendstar's customers were making lots of money, said A.P. could expect to recover her investment within one year, and recommended that A.P. speak to and hire **WALLACE W. "WALLY" DiRENZO** to place her machines.

25. On or about February 10, 2009, a co-conspirator sent Vendstar's sales packet via FedEx to prospective customer P.G. in the Southern District of Florida.

26. On or about February 10, 2009, **WALLACE W. "WALLY" DiRENZO**, within the Southern District of Florida, spoke by telephone to A.P., a Florida resident who had purchased the business opportunity from Vendstar a few days earlier. **DiRENZO** said he had good locations for A.P. and that he would relocate without charge any machines that did poorly.

27. In or around March 2009, **LAWRENCE A. KAPLAN** spoke by telephone to customer P.G. in the Southern District of Florida regarding complaints P.G. had about the business opportunity.

28. On or about April 7, 2009, **RICHARD R. GOLDBERG** spoke by telephone to prospective customer F.S. in the Southern District of Florida, said each Vendstar machine would generate \$3 per day, and said F.S. could expect to recover his investment within one year.

29. On or about April 9, 2009, **HOWARD S. STRAUSS** spoke by telephone to prospective customer A.K.S. in California, said there already were locations in A.K.S.'s area awaiting machines, predicted A.K.S. would earn \$2,000 per month, and recommended that A.K.S. speak to and hire J.B. to place his machines.

30. On or about April 22, 2009, A.P. in Florida sent a report on her business via the U.S. Postal Service to **WALLACE W. "WALLY" DiRENZO** in the Southern District of Florida.

31. On or about May 20, 2009, **EDWARD MORRIS "NED" WEAVER** told FBI agents who were investigating the locating practices of **JAMES P. ELLIS** that there was no relationship between Vendstar and any locating company. **WEAVER** told the FBI agents that his last contact with **ELLIS** was in approximately late 2006. **WEAVER** also told the FBI agents that he had heard rumors that **ELLIS** was using the name "Patrick Cosgrove" and said he had received a telephone call two months earlier from someone who sounded like **ELLIS**.

32. On or about May 20, 2009, **LAWRENCE A. KAPLAN** told FBI agents who were investigating the locating practices of **JAMES P. ELLIS** that his last contact with **ELLIS** was approximately three years earlier and that he had no knowledge of any aliases used by **ELLIS**.

33. On or about May 27, 2009, **RICHARD LINICK** spoke by telephone to prospective customer M.I. in Pennsylvania, said that each Vendstar machine would earn approximately \$200 per year, and recommended that M.I. speak to and hire Secure Placement, the locating company operated by **JAMES P. ELLIS**, to place his machines.

34. On or about May 29, 2009, **RICHARD R. GOLDBERG** spoke by telephone to prospective customer J.J. in Tennessee and said J.J. could expect to recover his investment within one year.

35. On or about June 17, 2009, **LAWRENCE A. KAPLAN** sent an email message to Vendstar's management and sales representatives with a list of approved locating companies that included the companies operated by **JAMES P. ELLIS, J.P.**, and **WALLACE W. "WALLY" DiRENZO**.

36. On or about July 7, 2009, **RICHARD R. GOLDBERG** spoke by telephone to prospective customer M.Y. in California, said he operated a profitable vending route, stated M.Y. would recover his investment within one year, and recommended that M.Y. speak to and hire **JAMES P. ELLIS**, who used the alias "Todd Parker," to place M.Y.'s machines.

37. On or about July 16, 2009, **JAMES P. ELLIS**, who used the alias "Todd Parker," spoke by telephone to S.W. in Pennsylvania, who had purchased the business opportunity from Vendstar a few days earlier. **ELLIS** told S.W. that another Vendstar customer in S.W.'s area had just canceled his order because of a divorce, that **ELLIS** already had found 100 locations for that customer's machines, and that S.W. could have those locations if she purchased an additional 100 vending machines.

38. On or about August 12, 2009, **PAUL E. RAIA** spoke by telephone to prospective customer G.M. in Louisiana, said he and his wife operated a profitable vending route of 300 machines, said G.M. could conservatively expect to earn \$1,900 per month from the vending business, and recommended that G.M. speak to and hire **WALLACE W. "WALLY" DiRENZO** to place his machines.

39. On August 19, 2009, customer G.M. in Louisiana sent a check via the U.S. Postal Service to **WALLACE W. "WALLY" DiRENZO** in the Southern District of Florida.

40. On or about August 27, 2009, **HOWARD S. STRAUSS** spoke by telephone to prospective customer J.E. in Florida, said that the vending machines would average \$60 to \$80 in profits per month per machine, and recommended that J.E. speak to and hire **JAMES P. ELLIS**, who used the alias "Todd Parker," to place his machines.

41. On or about September 16, 2009, **JAMES P. ELLIS**, who used the alias "Todd Parker," spoke by telephone to D.D. in Missouri, who had purchased the vending machine business opportunity from Vendstar a few days earlier. **ELLIS** said another Vendstar customer in D.D.'s area was relocating his 200 machines to another state and D.D. could have those locations if he purchased additional vending machines.

42. On or about September 18, 2009, **JAMES P. ELLIS**, who used the alias "Todd Parker," spoke by telephone to B.B. in Missouri, who had purchased the vending machine business opportunity from Vendstar a few days earlier. **ELLIS** said another Vendstar customer in B.B.'s area was relocating his 200 machines to another state and B.B. could have those locations if she purchased additional vending machines.

43. On or about November 5, 2009, **HOWARD S. STRAUSS** spoke by telephone to prospective customer M.C. in the Southern District of Florida and said Vendstar's customers were earning huge profits.

44. On or about November 12, 2009, **PAUL E. RAIA** spoke by telephone to prospective customer A.C. in New York, said that Vendstar's customers were making lots of money, and said that A.C. would recover his investment once he sold the initial supply of candy Vendstar would provide as part of the business opportunity.

45. On or about November 16, 2009, **LAWRENCE A. KAPLAN** spoke by telephone to E.P., the son of customer M.P. in California. **KAPLAN** told E.P. that Vendstar would not cancel M.P.'s initial order even after E.P. explained that his mother was elderly, not strong enough to operate the vending machines, and had not understood what she was purchasing.

46. On or about December 17, 2009, **RICHARD R. GOLDBERG** spoke by telephone to prospective customer D.A. in the Southern District of Florida, said the business opportunity was a fast way to make money, and said each machine would sell all its candy every month.

47. On or about December 29, 2009, **RICHARD LINICK** spoke by telephone to prospective customer J.S. in Indiana, said the profits from his own vending route paid for his daughter's college tuition, and recommended that J.S. speak to and hire **JAMES P. ELLIS**, who used the alias "Todd Parker," to place her machines.

48. On or about January 5, 2010, **JAMES P. ELLIS**, who used the alias "Todd Parker," and A.S. spoke by telephone to J.S. in Indiana. **ELLIS** and A.S. said a father and son had recently canceled their order with Vendstar because the son was going into drug rehabilitation,

locations in J.S.'s area already had been found for the father and son, and J.S. could have those locations if she purchased additional vending machines.

49. On or about February 1, 2010, **LAWRENCE A. KAPLAN** sent an email message to Vendstar's sales representatives with a list of approved locating companies that included the companies operated by **JAMES P. ELLIS, J.P.**, and **WALLACE W. "WALLY" DiRENZO**.

50. On or about February 12, 2010, **RICHARD R. GOLDBERG** sent an email message to **EDWARD MORRIS "NED" WEAVER, LAWRENCE A. KAPLAN, MARK BENOWITZ, RICHARD LINICK, PAUL E. RAIA, HOWARD S. STRAUSS**, and other Vendstar personnel, advising them that J.P. had changed the name of her locating company.

51. On or about February 12, 2010, **LAWRENCE A. KAPLAN** sent an email message to **MARK BENOWITZ, RICHARD LINICK, PAUL E. RAIA, HOWARD S. STRAUSS**, and other Vendstar personnel which attached a revised list of locating companies that included J.P.'s new company.

52. On or about February 26, 2010, **RICHARD LINICK** spoke by telephone to prospective customer R.P. in New Jersey, said he operated a profitable vending route, claimed that none of Vendstar's customers ever had trouble recovering their investment, and recommended that R.P. speak to and hire **JAMES P. ELLIS**, who used the alias "Todd Parker," to place his machines.

53. On or about March 22, 2010, **HOWARD S. STRAUSS** spoke by telephone to prospective customer K.G. in Mississippi, said he operated a profitable vending route, said K.G. could expect to earn \$60 per week per machine, and recommended that K.G. speak to and hire J.P. to place his machines.

54. On or about April 20, 2010, **PAUL E. RAIA** spoke by telephone to prospective customer S.L. in Texas, said he operated a profitable vending route of 300 machines, said Vendstar's customers were making lots of money, and said good locations were available in S.L.'s area.

55. On or about June 9, 2010, **RICHARD LINICK** spoke by telephone to prospective customer C.L.M. in Louisiana, said he operated a profitable vending route, and recommended that C.L.M. speak to and hire **JAMES P. ELLIS**, who used the alias "Todd Parker," to place her machines.

All in violation of Title 18, United States Code, Sections 371 and 2326.

COUNTS 2-5
(Mail Fraud: 18 U.S.C. § 1341)

1. Paragraphs 1 through 7 of the General Allegations section of this Indictment are re-alleged and incorporated by reference as though fully set forth herein.

2. From at least in or around May 2005, through on or about July 2, 2010, in Miami-Dade, Broward, and Palm Beach Counties, within the Southern District of Florida, and elsewhere, the defendants,

**EDWARD MORRIS "NED" WEAVER,
LAWRENCE A. KAPLAN,
MARK BENOWITZ,
PAUL E. RAIA,
and
WALLACE W. "WALLY" DiRENZO,**

in connection with the conduct of telemarketing, did knowingly and with intent to defraud devise and intend to devise a scheme and artifice to defraud, and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises, knowing that they were

false and fraudulent when made, and for the purpose of executing such scheme and artifice to defraud, did deposit and cause to be deposited matter to be sent and delivered by the United States Postal Service, and did deposit and cause to be deposited matter to be sent and delivered by a private and commercial interstate carrier, and did take and receive matter, and knowingly cause to be delivered by the United States Postal Service and a private and commercial interstate carrier, according to the direction thereon.

PURPOSE OF THE SCHEME AND ARTIFICE

3. It was the purpose of the scheme and artifice for the defendants and their accomplices to unlawfully enrich themselves by obtaining money from customers by means of materially false statements and representations and the concealment of material facts concerning, among other things, the expected profits of the business opportunities and the services that would be provided by Vendstar and the locating companies recommended by Vendstar.

THE SCHEME AND ARTIFICE

4. Paragraphs 4 through 21 of the Manner and Means section of Count 1 of this Indictment are re-alleged and incorporated by reference as though fully set forth herein as a description of the scheme and artifice.

USE OF THE MAILS

5. On or about the dates specified as to each count below, the below-identified defendants, for the purpose of executing and in furtherance of the aforesaid scheme and artifice to defraud and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises, knowing that they were false and fraudulent when made, did deposit and cause to be deposited matter to be sent and delivered by the United States Postal

Service and a private and commercial interstate carrier, and did take and receive matter, and knowingly cause to be delivered by the United States Postal Service and a private and commercial interstate carrier, according to the directions thereon.

COUNT	DEFENDANTS	APPROXIMATE DATE	DESCRIPTION OF ITEM
2	EDWARD MORRIS "NED" WEAVER, LAWRENCE A. KAPLAN, MARK BENOWITZ, and WALLACE W. "WALLY" DiRENZO	July 3, 2008	Money Order sent via U.S. Postal Service from C.M. in Jacksonville, Florida, to Nationwide Locating Company in North Palm Beach, Florida.
3	EDWARD MORRIS "NED" WEAVER and LAWRENCE A. KAPLAN	February 10, 2009	Sales packet sent via FedEx from Vendstar in Deer Park, New York, to P.G. in Avon Park, Florida.
4	EDWARD MORRIS "NED" WEAVER, LAWRENCE A. KAPLAN, PAUL E. RAIA, and WALLACE W. "WALLY" DiRENZO	April 22, 2009	Report on business sent via U.S. Postal Service from A.P. in Ormond Beach, Florida, to Nationwide Locating Company in North Palm Beach, Florida.
5	EDWARD MORRIS "NED" WEAVER, LAWRENCE A. KAPLAN, PAUL E. RAIA, and WALLACE W. "WALLY" DiRENZO	August 19, 2009	Check sent via U.S. Postal Service from G.M. in Youngsville, Louisiana, to Nationwide Locating Company in North Palm Beach, Florida.

In violation of Title 18, United States Code, Sections 1341, 2326, and 2.

COUNTS 6-11
(Wire Fraud: 18 U.S.C. § 1343)

1. Paragraphs 1 through 7 of the General Allegations section of this Indictment are re-alleged and incorporated by reference as though fully set forth herein.

2. From at least in or around May 2005, through on or about July 2, 2010, in Miami-Dade, Broward, and Palm Beach Counties, within the Southern District of Florida, and elsewhere, the defendants,

**EDWARD MORRIS "NED" WEAVER,
LAWRENCE A. KAPLAN,
RICHARD R. GOLDBERG,
RICHARD LINICK,
and
HOWARD S. STRAUSS,**

in connection with the conduct of telemarketing, did knowingly and with intent to defraud devise and intend to devise a scheme and artifice to defraud and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises, knowing that they were false and fraudulent when made, and did transmit and cause to be transmitted, by means of wire communications in interstate and foreign commerce, certain writings, signs, signals, pictures, and sounds.

PURPOSE OF THE SCHEME AND ARTIFICE

3. It was the purpose of the scheme and artifice for the defendants and their accomplices to unlawfully enrich themselves by obtaining money from customers by means of materially false statements and representations and the concealment of material facts concerning, among other things, the expected profits of the business opportunities and the services that would be provided by Vendstar and the locating companies recommended by Vendstar.

THE SCHEME AND ARTIFICE

4. Paragraphs 4 through 21 of the Manner and Means section of Count 1 of this Indictment are re-alleged and incorporated by reference as though fully set forth herein as a description of the scheme and artifice.

USE OF THE WIRES

5. On or about the dates specified as to each count below, the below-identified defendants, for the purpose of executing and in furtherance of the aforesaid scheme and artifice to defraud and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises, did transmit and cause to be transmitted, by means of wire communications in interstate and foreign commerce, certain writings, signs, signals, pictures, and sounds, as more particularly described below:

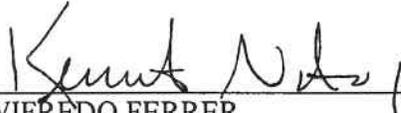
COUNT	DEFENDANTS	APPROXIMATE DATE	DESCRIPTION OF WIRE COMMUNICATION
6	EDWARD MORRIS "NED" WEAVER, LAWRENCE A. KAPLAN, and RICHARD LINICK	April 17, 2008	Telephone call between RICHARD LINICK in Deer Park, New York, and S.T. in Davie, Florida.
7	EDWARD MORRIS "NED" WEAVER and LAWRENCE A. KAPLAN	January 26, 2009	Telephone call between a Vendstar sales representative in Deer Park, New York, and T.R. in North Lauderdale, Florida.
8	EDWARD MORRIS "NED" WEAVER and LAWRENCE A. KAPLAN	March 2009	Telephone call between LAWRENCE A. KAPLAN in Deer Park, New York, and P.G. in Avon Park, Florida.

COUNT	DEFENDANTS	APPROXIMATE DATE	DESCRIPTION OF WIRE COMMUNICATION
9	EDWARD MORRIS "NED" WEAVER, LAWRENCE A. KAPLAN, and RICHARD R. GOLDBERG	April 7, 2009	Telephone call between RICHARD R. GOLDBERG in Deer Park, New York, and F.S. in Miami, Florida.
10	EDWARD MORRIS "NED" WEAVER, LAWRENCE A. KAPLAN, and HOWARD S. STRAUSS	November 5, 2009	Telephone call between HOWARD S. STRAUSS in Deer Park, New York, and M.C. in West Palm Beach, Florida.
11	EDWARD MORRIS "NED" WEAVER, LAWRENCE A. KAPLAN, and RICHARD R. GOLDBERG	December 17, 2009	Telephone call between RICHARD R. GOLDBERG in Deer Park, New York, and D.A. in Miami, Florida.

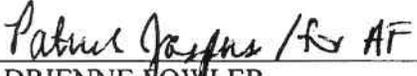
In violation of Title 18, United States Code, Sections 1343, 2326, and 2.

A TRUE ~~BILL~~

FORPERSON _____


 WIFREDO FERRER
 UNITED STATES ATTORNEY


 PATRICK JASPERSE
 TRIAL ATTORNEY


 ADRIENNE FOWLER
 TRIAL ATTORNEY