

1 DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
2 DIVISION OF FINANCE AND CORPORATE SECURITIES
3 SECURITIES SECTION
4 BEFORE THE DIRECTOR OF THE DEPARTMENT OF CONSUMER AND
5 BUSINESS SERVICES

4 In the Matter of:) No. S-11-0003
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CAPITAL GUARDIAN, INC., BLAKE WILSON, MALORY INVESTMENTS, LLC, RONALD STEIN, PACIFIC NETWORK AND CONSULTING, DANIEL CATERINO, RANDLE “RANDY” VILLA, TONY ALBANY, LIFELINE IMAGING, LLC, RANDALL MORTON, CONSULTING DYNAMICS, INC., AND STANLEY JOHNSON) **ORDER TO CEASE AND DESIST, DENYING EXEMPTIONS, AND ASSESSING CIVIL PENALTIES AND CONSENT TO ENTRY OF ORDER AS TO CAPITAL GUARDIAN, INC. AND BLAKE WILSON ONLY**

11 WHEREAS, the Director of the Department of Consumer and Business Services for the
12 State of Oregon (the “Director”), acting by and pursuant to the authority of the Oregon Securities
13 Law, Oregon Revised Statutes (“ORS”) 59.005 *et seq*, and other applicable authority, has
14 conducted an investigation into the activities of **CAPITAL GUARDIAN, INC.** (hereafter also
15 “**CAPITAL GUARDIAN**”), **BLAKE WILSON** (hereafter also “**WILSON**”), **MALORY**
16 **INVESTMENTS, LLC** (hereafter also “**MALORY**”), **RONALD STEIN** (hereafter also
17 “**STEIN**”), **PACIFIC NETWORK AND CONSULTING, DANIEL CATERINO** (hereafter
18 also “**CATERINO**”), **RANDLE “RANDY” VILLA** (hereafter also “**VILLA**”), **TONY**
19 **ALBANY, LIFELINE IMAGING, LLC** (hereafter also “**LIFELINE IMAGING**”),
20 **RANDALL MORTON** (hereafter also “**MORTON**”), **CONSULTING DYNAMICS, INC**
21 (hereafter also “**CONSULTING DYNAMICS**”), AND **STANLEY JOHNSON** (hereafter also
22 “**JOHNSON**”);

24 WHEREAS, the Director issued an **ORDER TO CEASE AND DESIST, DENYING**
25 **EXEMPTIONS, AND ASSESSING CIVIL PENALTIES AND NOTICE OF RIGHT TO**

Division of Finance and Corporate Securities
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387





1 **CONTESTED CASE HEARING** against, inter alia, **CAPITAL GUARDIAN** and **WILSON**
2 on February 22, 2011;

3 **WHEREAS**, Respondents **CAPITAL GUARDIAN** and **WILSON** filed a timely request
4 for a hearing with the Director;

5
6 **WHEREAS**, Respondents **CAPITAL GUARDIAN** and **WILSON** no longer wish to
7 expend additional time or incur additional costs in connection with this matter, and seek to obtain
8 finality with respect to the Director's claims;

9 **NOW THEREFORE**, the Director hereby issues the following Findings of Fact and
10 Conclusions of Law, to which Respondents **CAPITAL GUARDIAN** and **WILSON** neither
11 admit nor deny, and Order, to which Respondents **CAPITAL GUARDIAN** and **WILSON**
12 consent, as evidenced by the Consent to Entry of Order attached hereto.

13 **FINDINGS OF FACT**

14 The Director **FINDS** that:

15 **Part One: The Respondents**

16 1. **CAPITAL GUARDIAN** was a California for-profit corporation (California Business
17 Registry #C2416443). Capital Guardian was incorporated on May 8, 2002. Its principal place of
18 business, at all relevant times herein, was 155 East El Roblar Drive, Ojai, California 93023. The
19 company described itself as an "issuer compliance firm." Capital Guardian was not, at all
20 relevant times herein, licensed to sell securities in Oregon.

21 2. **BLAKE WILSON** owned and operated **CAPITAL GUARDIAN**. Wilson conducted
22 business, at all relevant times herein, from 155 East El Roblar Drive, Ojai, California 93023.
23 Wilson (CRD#1390808) was not, at all relevant times herein, licensed to sell securities in
24 Oregon.

25



1 3. **MALORY** is a California limited liability company (California Business Registry
2 #C200102010052). Malory was formed on January 12, 2001. Malory conducted business, at all
3 relevant times herein, from 10937 Wilkins Avenue, Apartment #304, Los Angeles, California
4 90024. Malory (CRD #110936) was licensed as a broker-dealer in Oregon from February 4, 2003
5 to December 19, 2006.

6 4. **RONALD STEIN** formed and owned **MALORY INVESTMENTS**. Stein
7 conducted business, at all relevant times herein, from 10937 Wilkins Avenue, Apartment #304,
8 Los Angeles, California 90024. Stein (CRD #434761) was not, at all relevant times herein,
9 licensed to sell securities in Oregon.

10 5. **PACIFIC NETWORK AND CONSULTING** was, on information and belief, an
11 unincorporated business enterprise. Pacific Network and Consulting conducted business, at all
12 relevant times herein, from 2560 East Chapman Avenue, Suite #157, Orange, California 92869.
13 Pacific Network and Consulting operated a “call center” for the purpose of selling investments
14 by telephone nationwide. Pacific Network and Consulting was not, at all relevant times herein,
15 licensed to sell securities in Oregon.

16 6. **DANIEL CATERINO** was the chief operating officer of **PACIFIC NETWORK**
17 **AND CONSULTING**. Caterino conducted business, at all relevant times herein, from 2560 East
18 Chapman Avenue, Suite #157, Orange, California 92869. Caterino was not, at all relevant times
19 herein, licensed to sell securities in Oregon.

20 7. **RANDLE “RANDY” VILLA** was a salesperson employed by **PACIFIC**
21 **NETWORK AND CONSULTING**. Villa conducted business, at all relevant times herein,
22 from 941 Olioli Street, Makawao, Hawaii 96768. Villa (CRD #1667239) was not, at all relevant
23 times herein, licensed to sell securities in Oregon.

24 8. **TONY ALBANY** was a salesperson employed by **PACIFIC NETWORK AND**
25 **CONSULTING**. Albany conducted business, at all relevant times herein, from 2560 East



1 Chapman Avenue, Suite #157, Orange, California 92869. Albany was not, at all relevant times
2 herein, licensed to sell securities in Oregon.

3 9. **LIFELINE IMAGING** is a California limited liability company (California Business
4 Registry #C200110310074).¹ LifeLine Imaging was formed on April 11, 2001. LifeLine Imaging
5 conducted business, at all relevant times herein, from 2560 East Chapman Avenue, Suite #157,
6 Orange, California 92869. LifeLine Imaging purported to be in the business of operating medical
7 imaging centers. LifeLine Imaging was not, at all relevant times herein, licensed to sell securities
8 in Oregon.

9 10. **RANDALL MORTON** was the founder and chief executive of **LIFELINE**
10 **IMAGING**. Morton conducted business, at all relevant times herein, from 2560 East Chapman
11 Avenue, Suite #157, Orange, California 92869. Morton’s last known address is 1070 F North
12 Batavia #608, Orange, California 92869. Morton was not, at all relevant times herein, licensed to
13 sell securities in Oregon.

14 11. **CONSULTING DYNAMICS** is a Nevada for-profit corporation (Nevada Business
15 Registry #20031388364). Consulting Dynamics was incorporated on June 6, 2003. Its principal
16 place of business, at all relevant times herein, was 1339 East Katella Avenue, Suite #299,
17 Orange, California 92867. Consulting Dynamics also conducted business under the assumed
18 name “Advanced Body Imaging.” Consulting Dynamics succeeded **LIFELINE IMAGING** as
19 manager of the LifeLine limited partnerships. Consulting Dynamics was not, at all relevant times
20 herein, licensed to sell securities in Oregon.

21 12. **STANLEY JOHNSON** was the founder and chief executive of **CONSULTING**
22 **DYNAMICS**. Johnson conducted business, at all relevant times herein, from 1339 East Katella
23 Avenue, Suite #299, Orange, California 92867. Johnson was not, at all relevant times herein,
24 licensed to sell securities in Oregon.

25

¹ LifeLine Imaging should not be confused with Life Line Screening, a Florida-based entity offering health-related screening services nationwide.

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1 **Part Two: Roles In The Scheme**

2 **13. CAPITAL GUARDIAN, MALORY, and PACIFIC NETWORK AND**
3 **CONSULTING** provided services that allowed companies, such as **LIFELINE IMAGING**, to
4 sell high risk investments to members of the general public, including Oregon residents, over the
5 telephone.

6 **14. WILSON** told company owners in need of funding, such as **MORTON**, that
7 **CAPITAL GUARDIAN** could facilitate and manage a “Regulation D offering.” Regulation D,
8 promulgated by the U.S. Securities and Exchange Commission, permits the sale of securities in
9 the absence of registration so long as certain conditions are satisfied. (For example, the offering
10 may not be conducted through public channels, and participating investors must meet qualifying
11 criteria.)

12 **15. CAPITAL GUARDIAN** drafted disclosure memoranda for issuers, including
13 **LIFELINE IMAGING**. These documents, also known generically as “private placement
14 memoranda” are, when properly crafted, designed to objectively inform prospective investors
15 about the operating condition of the issuer of the securities and the foreseeable risks associated
16 with the investment. Capital Guardian charged issuers a minimum fee of 6.5% of all sums raised
17 for its services, though its total compensation was often higher.

18 **16. CAPITAL GUARDIAN** referred some of its clients to **MALORY**. Referrals to
19 **MALORY** allowed a **CAPITAL GUARDIAN** client to benefit from the imprimatur of a
20 licensed broker-dealer. Malory’s sole source of income consisted of revenue from Capital
21 Guardian referrals. Malory did no due diligence on the Capital Guardian clients it represented.
22 Malory did not communicate with Capital Guardian clients. Malory did not maintain books and
23 records. The firm had no compliance infrastructure; it was nothing more than a shell through
24 which its licensed salespersons sold Capital Guardian client-related offerings. (Stein and Malory
25 did not disclose the true nature of Malory’s control structure and intended activities to the
Director when Malory applied for an Oregon broker-dealer license on October 7, 2002.)

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1 **17. PACIFIC NETWORK AND CONSULTING** operated a call center, managed by
2 **CATERINO**, to sell Regulation D-based investments to large numbers of people across the
3 nation via telephone. (An issuer properly relying on Regulation D to exempt so-called Rule 506
4 transactions from securities registration requirements is barred from initiating telephone contact,
5 or engaging in similar forms of general solicitation, with investors with whom the issuer lacked a
6 pre-existing relationship.)

7 **Part Three: LifeLine Imaging And Its Offering Memorandum**

8 **18. LIFELINE IMAGING** purportedly sought to develop a network of medical imaging
9 centers, with each center serving a specified geographic area. Lifeline Imaging’s business model
10 was based on the benefits of an imaging technology known as electron beam tomography
11 (“EBT”). LifeLine Imaging planned to offer members of the public the ability to undergo,
12 without physician involvement or insurance reimbursement, non-invasive scans of particular
13 organs, or a full body scan, at retail prices ranging from \$350-\$995.

14 **19. CAPITAL GUARDIAN** drafted the **LIFELINE IMAGING** offering memorandum,
15 which it titled a “Confidential Private Placement Memorandum.” The document was sent to
16 prospective investors, usually accompanied by other sales materials, by salespersons working for
17 **PACIFIC NETWORK AND CONSULTING** after an initial telephone sales call.

18 **20.** The **LIFELINE IMAGING** offering memorandum asserts that the offering is being
19 made in reliance on Regulation D, Rule 506. The document describes a number of generic “risk
20 factors” (foreseeable risks to an investment’s success). The memorandum explains, at some
21 length, the basis for EBT technology. It contains boilerplate text describing the federal income
22 tax consequences of an investment. The document also contains a host of misrepresentations and
23 omissions.

24 **21.** The **LIFELINE IMAGING** offering memorandum erroneously represents that a
25 “Robert Devino” and a “John Leal” were the firm’s officers and directors. In point of fact,

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1 **MORTON** was LifeLine’s chief executive and owner, yet no reference is made to Morton, his
2 occupational background, or his criminal record in the disclosure document.

3 22. The **LIFELINE IMAGING** offering memorandum erroneously states that the firm’s
4 executives “are experienced in organizing and operating a modern imaging center... and have
5 marketing, legal, and financial expertise as well.” The company’s true principal, **MORTON**, had
6 no directly applicable medical imaging, legal, or financial expertise, and had previously
7 operated an auto body repair shop.

8 23. The **LIFELINE IMAGING** offering memorandum erroneously states that
9 “approximately 25% of the gross [offering] proceeds is to be applied to syndication, marketing,
10 organizational, professional, commissions, consultants and other front costs.” The true sum
11 expended on these areas was significantly higher.

12 24. The **LIFELINE IMAGING** offering memorandum did not disclose that the method
13 used to contact LifeLine investors – telephone calls from sales agents – was not permitted for
14 this type of offering under either federal or Oregon law.

15 **Part Four: Sales, Sales, Sales**

16 25. **PACIFIC NETWORK AND CONSULTING** employees sold the majority of
17 **LIFELINE IMAGING** units to members of the public. Its California call center was staffed by
18 dozens of salespersons, divided into groups consisting of “fronters”, “closers”, and “managers.”
19 The fronter’s job was to call a given name and telephone number from a marketing list, introduce
20 the EBT medical imaging center concept, and ascertain whether a person might be interested in
21 learning more about an investment. If so, the fronter – paid an hourly wage plus a two (2%) sales
22 commission – transferred the call to a “closer.”

23 26. A **PACIFIC NETWORK AND CONSULTING** “closer” was charged with
24 convincing a member of the public, with whom the closer did not have a pre-existing
25 relationship, to invest a minimum of five thousand dollars (\$5,000). **VILLA** and **ALBANY** were
two such closers. Closers typically touted the technology at issue – the EBT scanner – as the next

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1 big thing: a machine that would directly prevent heart attacks and strokes. Investors were told
2 that Americans would gladly pay up to \$995 out of pocket for a full scan, to **LIFELINE**
3 **IMAGING**'s financial benefit. Furthermore, closers told telephone prospects that LifeLine used
4 a scanner, the "Imatron C-300", that was superior to anything else in the marketplace. Closers
5 received eighteen (18%) percent of each dollar invested as a sales commission. (**CATERINO**
6 and other Pacific Network and Consulting managers garnered a three (3%) sales commission
7 override.)

8 27. The closer sent sales prospects who expressed interest in a **LIFELINE IMAGING**
9 investment a packet of materials, usually via overnight courier. The packet included the above
10 described offering memorandum, a subscription agreement, and other sales materials. For
11 example, some Oregon investors were sent a business plan claiming that "it is projected that the
12 imaging center will realize a net profit of \$1,042,424 after 1st year of operation" and that "a ten
13 year financial projection analysis has been prepared which describes the anticipated future for
14 operations of the LifeLine Imaging center. The imaging center is projected to be financially
15 viable with a positive return on investment during all years of operation."

16 28. The written sales materials closers sent to prospects were not limited to projections of
17 financial success. In some instances documents made medical claims (this type of scan could
18 detect coronary artery disease "10-20 years before other types of conventional screening tests.")
19 Some investors also received written testimonials, citing glowing statements about EBT scans –
20 though not **LIFELINE IMAGING** – allegedly made by Oprah Winfrey, former U.S. Senator
21 Paul Simon, and Olympian Bruce Jenner, among other celebrities.

22 29. Members of the public choosing to invest returned the subscription agreement to
23 **PACIFIC NETWORK AND CONSULTING** with either a check or an authorization to
24 transfer IRA funds to **LIFELINE IMAGING**.

25

Part Five: Oregon Sales

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1 30. Oregon residents invested in a number of **LIFELINE IMAGING** formed and
2 managed unit investment partnerships, including LifeLine South Costa Mesa (Laguna Hills),
3 LifeLine Long Beach, LifeLine Chandler, LifeLine Los Gatos, and Advanced Active Care
4 Dallas.

5 31. Issuers seeking to lawfully sell securities using Regulation D must make a so-called
6 “notice filing” with the State of Oregon, submitting a form (“Form D”, with Appendix) and
7 paying a notice filing fee. Oregon law mandates that said filing be made no later than fifteen (15)
8 days after the date of the first sale in Oregon. **LIFELINE IMAGING**, UIP (South Costa Mesa)
9 made a notice filing with the State of Oregon on April 16, 2002. LifeLine Imaging of Long
10 Beach made a notice filing with the State of Oregon on October 16, 2002. LifeLine Imaging of
11 Chandler made a notice filing with the State of Oregon on March 28, 2003. LifeLine Imaging of
12 Los Gatos made a notice filing with the State of Oregon on July 14, 2003. Advanced Active Care
13 (Dallas) made a notice filing with the State of Oregon on November 21, 2003. None of these
14 filings transpired within fifteen (15) days after the date of the first sale in Oregon.

15 32. **VILLA** contacted Oregon resident VM by telephone in April 2002. Villa sold VM
16 five units in LifeLine South Costa Mesa for \$25,000 on April 24, 2002. Villa sold VM five units
17 in LifeLine Long Beach for \$25,000 on July 16, 2002. Villa sold VM five units in LifeLine
18 Chandler for \$25,000 on January 27, 2003. Villa sold VM five units in Advanced Active Care
19 Dallas for \$25,000 on May 5, 2003. Villa sold VM five units in LifeLine Los Gatos for \$25,000
20 on May 27, 2003. VM invested a total of \$125,000 through Villa.

21 33. **VILLA** contacted Oregon resident RGC by telephone in October 2002. Villa sold
22 RGC four units in LifeLine Long Beach for \$20,000 on October 12, 2002. Villa sold RGC four
23 units in LifeLine Los Gatos for \$20,000 on November 26, 2002. Villa sold RGC one unit in
24 LifeLine Los Gatos for \$5,000 on November 26, 2002. RGC invested a total of \$45,000 through
25 Villa.



1 34. **VILLA** contacted Oregon residents CH and PH, a married couple, by telephone in
2 November 2001. Villa sold CH and PH four units in LifeLine South Costa Mesa for \$20,000 on
3 November 28, 2001. (Villa falsely represented to CH and PH that they could access their funds,
4 if they so chose, after ninety [90] days.)

5 35. **ALBANY** contacted Oregon resident FVN by telephone in March 2004. Albany sold
6 FVN three units in Advanced Active Care Dallas for \$15,000 on March 22, 2004.

7 **Part Six: Consulting Dynamics Offers And Sells Securities To LifeLine Investors**

8 36. **CONSULTING DYNAMICS**, founded in 2003 by **JOHNSON**, did business under
9 the rubric of its subsidiary, Advanced Body Imaging, LP, beginning in January 2004. Advanced
10 Body Imaging purported to operate in the same medical imaging field as **LIFELINE**
11 **IMAGING**. Advanced Body Imaging never had a fully operational imaging center, had nominal
12 operating revenues, and had never posted a profit.

13 37. On August 29, 2005, **LIFELINE IMAGING** suddenly withdrew from its role as
14 general manager of its various unit investment partnerships. **MORTON** appointed
15 **CONSULTING DYNAMICS** as successor general manager.

16 38. **LIFELINE IMAGING** did not find operational or financial success in **MORTON**'s
17 hands, and **JOHNSON**'s involvement did not change matters. In March and April 2007 Johnson
18 personally contacted each of the Oregon investors by telephone. Johnson informed the
19 Oregonians that **CONSULTING DYNAMICS** was willing to "transfer" an investor's LifeLine
20 unit investment partnership certificates to Advanced Body Imaging, but only if the investor made
21 at least a \$5,000 investment in Advanced Body Imaging. Johnson represented that the
22 consequence of failing to invest the requested sum would be that the investor's LifeLine Imaging
23 investment would be "worthless."

24 39. **JOHNSON** followed up his telephone call to Oregon's **LIFELINE IMAGING**
25 investors with a letter, yet made no disclosure in connection with this offer to sell securities. He

1 omitted mention of his own criminal background, his lack of previous health care or medical
2 imaging management experience, or Advanced Body Imaging’s absence of operating revenues.

3 40. **LIFELINE IMAGING** investor FVN wired \$5,000 to Advanced Body Imaging as
4 the direct result of **JOHNSON**’s communications.

5 **CONCLUSIONS OF LAW**

6 The Director **CONCLUDES** that:

7 41. The **LIFELINE IMAGING** unit investment partnership interests are a “security”, as
8 defined in ORS 59.015 (19) (a).

9 42. The interest in Advanced Body Imaging, sold by **CONSULTING DYNAMICS** and
10 **JOHNSON**, is a “security”, as defined in ORS 59.015 (19) (a).

11 43. In connection with the sale of **LIFELINE IMAGING** securities to Oregon residents
12 VM, RGC, CH/PH, and FVN the Respondents, other than **CONSULTING DYNAMICS** and
13 **JOHNSON**, made an untrue statement of fact, in violation of ORS 59.135 (2), by representing
14 that a “Robert Devino” and a “John Leal” were the officers and directors of **LIFELINE**
15 **IMAGING**. In point of fact, **MORTON** was LifeLine’s chief executive and owner, yet no
16 reference is made to Morton, his occupational background, or his criminal record in the offering
17 memorandum.

18 44. In connection with the sale of **LIFELINE IMAGING** securities to Oregon residents
19 VM, RGC, CH/PH, and FVN the Respondents, other than **CONSULTING DYNAMICS** and
20 **JOHNSON**, made an untrue statement of fact, in violation of ORS 59.135 (2), by representing
21 that LifeLine’s executives “are experienced in organizing and operating a modern imaging
22 center... and have marketing, legal, and financial expertise as well.” The company’s true
23 principal, **MORTON**, had no directly applicable medical imaging, legal, or financial expertise,
24 and had previously operated an auto body repair shop.

25 45. In connection with the sale of **LIFELINE IMAGING** securities to Oregon residents
VM, RGC, CH/PH, and FVN the Respondents, other than **CONSULTING DYNAMICS** and





1 **JOHNSON**, made an untrue statement of fact, in violation of ORS 59.135 (2), by representing
2 that “approximately 25% of the gross [offering] proceeds is to be applied to syndication,
3 marketing, organizational, professional, commissions, consultants and other front costs.” The
4 true sum expended in these areas was in excess of 25%.

5 46. In connection with the sale of **LIFELINE IMAGING** securities to Oregon residents
6 VM, RGC, CH/PH, and FVN the Respondents, other than **CAPITAL GUARDIAN, WILSON,**
7 **CONSULTING DYNAMICS,** and **JOHNSON**, omitted to state a material fact necessary in
8 order to make all statements made in connection with the sale of the investment, in light of the
9 circumstances under which they were made, not misleading, in violation of ORS 59.135 (2), by
10 failing to disclose that the method used to contact LifeLine investors – telephone calls from sales
11 agents – was not permitted for this type of offering under either federal or Oregon law.

12 47. In connection with the sale of **LIFELINE IMAGING** securities to Oregon residents
13 VM, RGC, CH/PH, and FVN the Respondents, other than **CONSULTING DYNAMICS** and
14 **JOHNSON**, omitted to state a material fact necessary in order to make all statements made in
15 connection with the sale of the investment, in light of the circumstances under which they were
16 made, not misleading, in violation of ORS 59.135 (2), by failing to disclose that **VILLA** and
17 **ALBANY** would receive an eighteen (18%) percent sales commission, and that an additional
18 five (5%) sales commission would be paid to **PACIFIC NETWORK AND CONSULTING**
19 employees, for a total sales commission of twenty-three (23%) percent.

20 48. In connection with the offer and/or sale of Advanced Body Imaging securities to
21 Oregon residents VM, RGC, CH/PH, and FVN **CONSULTING DYNAMICS** and **JOHNSON**
22 made an untrue statement of fact, in violation of ORS 59.135 (2), by representing that the value
23 of investors’ **LIFELINE IMAGING** unit investment partnership certificates would change if an
24 investor did not purchase Advanced Body Imaging securities.

25 49. In connection with the offer and/or sale of Advanced Body Imaging securities to
Oregon residents VM, RGC, CH/PH, and FVN **CONSULTING DYNAMICS** and **JOHNSON**



1 omitted to state a material fact necessary in order to make all statements made in connection with
2 the sale of the investment, in light of the circumstances under which they were made, not
3 misleading, in violation of ORS 59.135 (2), by failing to disclose that Advanced Body Imaging
4 had not opened a fully operational imaging center, had nominal operating revenues, and had
5 never posted a profit.

6 50. In connection with the offer and/or sale of Advanced Body Imaging securities to
7 Oregon residents VM, RGC, CH/PH, and FVN **CONSULTING DYNAMICS** and **JOHNSON**
8 omitted to state a material fact necessary in order to make all statements made in connection with
9 the sale of the investment, in light of the circumstances under which they were made, not
10 misleading, in violation of ORS 59.135 (2), by failing to disclose **JOHNSON**'s criminal history
11 and lack of medical imaging industry experience.

12 51. In connection with its application to become a licensed broker-dealer in Oregon,
13 **MALORY** and **STEIN** filed an application with the Director which was known to be false in a
14 material respect or manner, in violation of ORS 59.135 (4), by failing to disclose that Malory
15 would not maintain books and records in a manner required by the Oregon Securities Law and its
16 accompanying rules.

17 52. In connection with its application to become a licensed broker-dealer in Oregon,
18 **MALORY** and **STEIN** filed an application with the Director which was known to be false in a
19 material respect or manner, in violation of ORS 59.135 (4), by failing to disclose that Malory
20 would not supervise its associated persons.

21 **ORDER**

22 Therefore, the Director **ORDERS** that:

23 53. Respondents **CAPITAL GUARDIAN** and **WILSON** shall cease and desist from
24 offering or selling securities in violation of the Oregon Securities Law, ORS 59.005 *et seq.*, or its
25 accompanying administrative rules.

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1 54. Respondents **CAPITAL GUARDIAN** and **WILSON** are hereby denied, pursuant to
2 the authority contained in ORS 59.045, the use of any exemptions contained in ORS 59.025 and
3 ORS 59.035, until further order of the Director. Furthermore, any entity in which **WILSON** is,
4 directly or through the use of an agent, a control person is, pursuant to the authority contained in
5 ORS 59.045, **DENIED** the use of any exemptions contained in ORS 59.025 and ORS 59.035,
6 until further Order of the Director.

7 55. Respondents **CAPITAL GUARDIAN** and **WILSON** are hereby barred from
8 applying for any occupational license issued by the Oregon Department of Consumer and
9 Business Services, including, but not limited to, a broker-dealer license, a broker-dealer
10 salesperson license, a state investment adviser license, and/or a state investment adviser
11 representative license, until further order of the Director.

12 56. Respondent **CAPITAL GUARDIAN** shall, pursuant to the authority granted by ORS
13 59.995, pay the sum of **TWENTY THOUSAND DOLLARS** (\$20,000) as a civil penalty for all
14 violations of ORS 59.135 described herein. The entirety of this civil penalty shall be
15 **SUSPENDED** so long as Respondent **CAPITAL GUARDIAN** does not violate the Oregon
16 securities laws and/or its accompanying administrative rules – or the terms of this Order - for a
17 period of seven (7) years from the date of entry of this Order. (To the extent that Respondent
18 **CAPITAL GUARDIAN** is found to have committed any such violation, the entire sum of
19 **TWENTY THOUSAND DOLLARS** (\$20,000) shall become immediately due and owing.)

20 57. Respondent **WILSON** shall, pursuant to the authority granted by ORS 59.995, pay
21 the sum of **TWENTY THOUSAND DOLLARS** (\$20,000) as a civil penalty for all violations
22 of ORS 59.135 described herein. The entirety of this civil penalty shall be **SUSPENDED** so long
23 as Respondent **WILSON** does not violate the Oregon securities laws and/or its accompanying
24 administrative rules – or the terms of this Order - for a period of seven (7) years from the date of
25 entry of this Order. (To the extent that Respondent **WILSON** is found to have committed any

1 such violation, the entire sum of **TWENTY THOUSAND DOLLARS** (\$20,000) shall become
2 immediately due and owing.).

3 **IT IS SO ORDERED.**

4 Dated this 30th day of May 2012 NUNC PRO TUNC February 22, 2011 at Salem, Oregon.

5 Patrick M. Allen, Director
6 Department of Consumer and Business Services

7 */s/ David Tatman*

8 David C. Tatman, Administrator
9 Division of Finance and Corporate Securities

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Division of Finance and Corporate Securities
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387



1 **CONSENT TO ENTRY OF ORDER**

2 Respondent **BLAKE WILSON** states: that he has read the foregoing Order and, while
3 neither admitting nor denying the Director’s Findings of Fact and Conclusions of Law, he fully
4 understands the contents thereof; that he has been represented by counsel in connection with this
5 matter; that he, voluntarily, and without any force or duress, consents to the entry of this Order,
6 expressly withdrawing any written request for a hearing he has filed in connection with this
7 matter; that the Order contains the complete agreement of the parties, and that no additional
8 promises or assurances have been made to him by the Director with respect to matters covered
9 by the Order; that he understands that the Director reserves the right to take further actions to
10 enforce this Order or to take appropriate action upon discovery of violations of the Oregon
11 Securities Law not described herein; that he understands that this Order is a public document;
12 and that he will fully comply with the terms and conditions stated herein.

13
14 /s/ Blake Wilson
Blake Wilson

15 Dated: 5/3/2012

16
17 (see attached)
18 (Printed Name of Notary Public)
19 Notary Public
for the State of: California

20 My commission expires: 03/10/2014

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Salem, OR 97301-3881
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CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of VENTURA

On 05/03/2012 before me, JOHN ANTHONY MAGGIO A NOTARY PUBLIC
Date Here Insert Name and Title of the Officer

personally appeared Blake Wilson
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature [Handwritten Signature]
Signature of Notary Public



Place Notary Seal Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: Consent to Entry of order

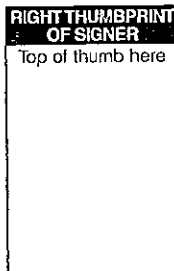
Document Date: 05/03/2012 Number of Pages: 17

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

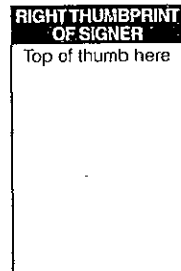
- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____



Signer Is Representing: _____

Signer's Name: _____

- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____



Signer Is Representing: _____

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For Capital Guardian, Inc:

I, Blake Wilson, hereby represent that I am authorized to enter into this Order for and on behalf of
Capital Guardian, Inc.

/s/ Blake Wilson
Blake Wilson

Dated: 5/3/2012

(see attached)
(Printed Name of Notary Public)
Notary Public
for the State of: California

My commission expires: 03/10/2014

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CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of VENTURA

On 05/03/2012 before me, JOHN ANTHONY MAGGIO A NOTARY PUBLIC
Date Here Insert Name and Title of the Officer

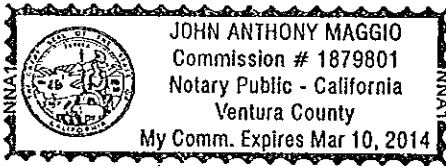
personally appeared Blake Wilson
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature [Signature]
Signature of Notary Public



Place Notary Seal Above

OPTIONAL

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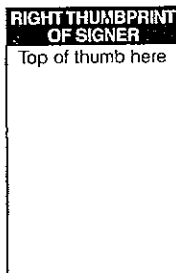
Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____

Signer Is Representing: _____



Signer's Name: _____

- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____

Signer Is Representing: _____

