

**ALABAMA SECURITIES COMMISSION**

Post Office Box 304700

Montgomery, Alabama 36130-4700

Telephone: (334) 242-2984 or 1-800-222-1253 Fax: (334) 242-0240

Email: [asc@asc.alabama.gov](mailto:asc@asc.alabama.gov) Website: [www.asc.alabama.gov](http://www.asc.alabama.gov)

**California Couple Sentenced in Shelby County for Illegal Securities Offering**

MONTGOMEY, ALABAMA (June 17, 2010) Robert E. Owens, Jr., District Attorney for the 18<sup>th</sup> Judicial Circuit, Shelby County, Alabama; and, Joseph Borg, Director of the Alabama Securities Commission (ASC) announced today that Stanley H. Johnson and his wife, Easter L. Johnson, have been sentenced in Shelby County Circuit Court on June 9, 2010 for their involvement in illegal securities offerings tied to a company known as Advanced Body Imaging located in Orange County, California.

Stanley Johnson had previously pled guilty to one count of Securities Fraud, Misrepresentation in the Offer and/or Sale of Securities, a Class C felony under Alabama law. Easter Johnson pled guilty to Conspiracy to Sell Unregistered Securities, a Class A Misdemeanor. Stanley Johnson was sentenced to 10 years imprisonment, split to serve three years, with five years supervised probation and ordered by the Court to pay \$20,500 restitution. Mr. Johnson's probation will be served first in order to give him an opportunity to pay restitution. Easter Johnson was sentenced to 12 months in Shelby County jail, suspended in lieu of two years probation.

Based on an investigation by ASC Enforcement Division Agents, indictments were handed down in the January 2008 session of the Shelby County Grand Jury, charging the Johnsons with violations of the Alabama Securities Act. Indictments alleged that the Johnsons attempted to raise capital to fund their business and solicited funds from a resident in Alabama and other states. Charges also alleged that the Johnsons used investors' money for personal and unrelated expenses. In early 2008, the Orange County, California Sheriff's Department, Criminal Investigations Division, Economic Crimes Detail, with assistance from ASC Enforcement Agents, served arrest warrants, obtained by the ASC, on the Johnsons for their actions in the offering and sale of illegal securities.

The offering of Advance Body Imaging securities was based upon a securities registration exemption set forth under Regulation D, Rule 506 of the Securities Act of 1933, exempting from registration certain securities marketed through private offerings. Typically, investors who are offered an opportunity to purchase such a security must have either a pre-existing business relationship with a broker or the issuer of the security and the offering cannot involve any form of general solicitation such as through newspapers, television or radio advertising nor any type of mass marketing solicitation. Under exemption provisions of federal law, state and federal securities regulators are not afforded an opportunity for substantive review of these offerings to discern potential misrepresentations prior to their solicitation to investors. Since implementation of this preemption, scam artists nationwide have gravitated to this type offering because it presents the appearance of legitimacy while not requiring documentation or other details of the offerings to come under the direct scrutiny of regulators. The exemption has been used successfully by scam artists to steal millions of dollars from investors through false and misleading representations. The Johnsons' guilty plea relates to a particular offer which was revealed in an investigation of a "boiler room" operation in California that marketed numerous such potentially fraudulent offers.

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The ASC cautions potential investors to thoroughly scrutinize and research any investment opportunity or offer. Contact the ASC with inquiries concerning securities broker-dealers, agents, investment advisers, investment adviser representatives, financial planners, registration status of securities or debt management programs, to report suspected fraud or to obtain consumer information. The ASC provides free investor education and fraud prevention materials in print, on our website and through educational presentations upon request.

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For more information contact Dan Lord, Education and Public Affairs manager, 334-353-4858.

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