

ALABAMA SECURITIES COMMISSION  
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### **California Trio Arrested for Alleged Violations of Alabama Securities Act**

MONTGOMERY, ALABAMA (December 20, 2007) The Honorable Steven T. Marshall, District Attorney for the 27<sup>th</sup> Judicial Circuit, Marshall County, Alabama; and, the Honorable Joseph Borg, Director of the Alabama Securities Commission (ASC), announce the arrests of Randy Morton, 51; Daniel Caterino, 48 and, Candice Lynn Lewis, 42, all residents of Orange County, California, for alleged violations of the Alabama Securities Act.

On December 18, 2007, ASC Enforcement Agents, with the assistance of the Orange County, California Sheriff's Department Economic Crimes Unit, served arrest warrants obtained by the ASC against the trio and their business, Lifeline Imaging Systems, Inc., located in Orange, California. The arrests stemmed from indictments handed down in November by a Marshall County Grand Jury.

Morton and Lewis were named in a 17-count indictment with each charged with 12 counts of Fraud in Connection with the Sale of Securities and three counts of Sale of Unregistered Securities, both Class C felonies under Alabama law. Additionally, the pair was charged with two counts of Theft of Property 1<sup>st</sup> Degree, a Class B felony under Alabama law. Caterino was named in a four-count indictment and charged with two counts of Sale of Unregistered Securities and two counts of Sale of Securities by an Unregistered Agent, both Class C felonies under Alabama law. The three were taken into custody and placed in the Orange County, California jail to await extradition to Alabama.

Morton and Lewis were allegedly principles in Lifeline Imaging Systems, Inc. that purportedly operated a number of "body imaging centers" in California, Arizona and Texas. Indictments allege that the two attempted to raise capital to fund the business and, together with Caterino, established a call center employing a number of unregistered sales agents. The unregistered sales agents then allegedly made "cold calls" to several Alabama residents and solicited funds, in violation of Alabama securities law. It is alleged that approximately \$15,000,000 in capital was raised nationwide to fund Lifeline Imaging Systems, Inc., and some of the money was purportedly used by the three for personal or unrelated business expenses.

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 advisors, investment advisor representatives, financial planners, registration status of securities, to report suspected fraud or to obtain consumer information.

NOTE: The defendants are presumed innocent until the government meets its burden of proving guilt beyond a reasonable doubt in court.

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

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