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8 **UNITED STATES DISTRICT COURT**
9 **CENTRAL DISTRICT OF CALIFORNIA**

10 SECURITIES AND EXCHANGE
11 COMMISSION,

12 Plaintiff,

13 vs.

14 ADVANCE BODY IMAGING, LP;
15 CONSULTING DYNAMICS, INC.; and
STANLEY JOHNSON,

16 Defendants,

17 and

18 EASTER TURNIPSEED-JOHNSON,

19 Relief Defendant.

Case No.

**COMPLAINT FOR VIOLATIONS OF
THE FEDERAL SECURITIES LAWS**

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1 Plaintiff Securities and Exchange Commission (“Commission”) alleges as
2 follows:

3 **JURISDICTION AND VENUE**

4 1. This Court has jurisdiction over this action pursuant to Sections 20(b),
5 20(d)(1) and 22(a) of the Securities Act of 1933 (“Securities Act”), 15 U.S.C.
6 §§ 77t(b), 77t(d)(1) & 77v(a), and Sections 21(d)(1), 21(d)(3)(A), 21(e) and 27 of
7 the Securities Exchange Act of 1934 (“Exchange Act”), 15 U.S.C. §§ 78u(d)(1),
8 78u(d)(3)(A), 78u(e) & 78aa. Defendants Advance Body Imaging, LP (“Advance
9 Body Imaging”); Consulting Dynamics, Inc. (“Consulting Dynamics”), its general
10 partner; and Stanley Johnson (“Johnson”), the owner of Consulting Dynamics
11 (collectively, the “Defendants”) have, directly or indirectly, made use of the means
12 or instrumentalities of interstate commerce, of the mails, or of the facilities of a
13 national securities exchange, in connection with the transactions, acts, practices,
14 and courses of business alleged in this complaint.

15 2. Venue is proper in this district pursuant to Section 22(a) of the
16 Securities Act, 15 U.S.C. § 77v(a), and Section 27 of the Exchange Act, 15 U.S.C.
17 § 78aa, because certain of the transactions, acts, practices, and courses of conduct
18 constituting violations of the federal securities laws occurred within this district,
19 each of the entity defendants is located in this district, and each of the individual
20 defendants resides in this district.

21 **SUMMARY**

22 3. From July 2004 through March 2007, the Defendants and their sales
23 agents made a fraudulent, unregistered securities offering of more than \$3.1
24 million in limited partnership units in Advance Body Imaging to more than 100
25 investors nationwide. While the Defendants had a small amount of other monies
26 of unknown origin available to them during this period, at least 91% of the total
27 amount available to them (“Total Monies Available”) was derived from the sale of
28 the limited partnership units.

1 4. The Defendants made misrepresentations of material fact to
2 prospective investors, including but not limited to the following:

- 3 • That offering proceeds would be used to “finance, develop,
4 own, manage, operate, maintain, and equip” a diagnostic
5 facility in Southern California providing diagnostic medical
6 services;
- 7 • That 60% of the offering proceeds would be used for business
8 expenses directly related to the operations of the diagnostic
9 facility, such as equipment purchase, advertising, operational
10 costs, and the retention of an on-site doctor; and
- 11 • That Advance Body Imaging’s first diagnostic facility would
12 open in 2005 or early 2006, would begin paying substantial
13 dividends within a few months, and would provide investors
14 with a full return on their investment within one year.

15 5. These statements were materially false and misleading because:

- 16 • Rather than using the offering proceeds to “finance, develop,
17 own, manage, operate, maintain, and equip” a diagnostic
18 facility, the Defendants used more than 40% of Total Monies
19 Available to pay sales commissions to defendant Stanley
20 Johnson and the Defendants’ sales agents (none of whom was
21 or is associated with or registered as a broker-dealer for selling
22 the limited partnership units), and used 30% of Total Monies
23 Available to pay the costs of soliciting new investors for
24 Advance Body Imaging and to pay costs that Consulting
25 Dynamics incurred after becoming the general partner of two
26 unrelated entities;
- 27 • Rather than using 60% of the offering proceeds for the
28 operation of a diagnostic facility, from July 2004 through

1 March 2007, the Defendants used no more than 30% (and
2 perhaps less than 10%) of the Total Monies Available to
3 purchase diagnostic machinery and to advertise Advance Body
4 Imaging's services;

- 5 • Rather than opening a diagnostic facility in 2005 or early 2006,
6 commencing payment of substantial dividends within a few
7 months of investing, or providing investors with a full return on
8 their investment within the year, the Defendants did not open a
9 diagnostic facility until late 2006, Defendants have not paid
10 any dividends to their investors, and Defendants have not
11 provided investors with any return on their investment.

12 6. The Defendants have violated the antifraud, securities registration,
13 and broker-dealer registration provisions of the Securities Act and the Exchange
14 Act. By this action, the Commission seeks permanent injunctions, disgorgement
15 with prejudgment interest, and civil penalties against each of the Defendants.
16 Additionally, the Commission seeks disgorgement of any ill-gotten gains from
17 Relief Defendant Easter Turnipseed-Johnson.

18 THE DEFENDANTS

19 7. **Advance Body Imaging, LP** is a California limited partnership with
20 its principal place of business in Orange, California. Advance Body Imaging has
21 never registered an offering of securities under the Securities Act or a class of
22 securities under the Exchange Act.

23 8. **Consulting Dynamics, Inc.** is a Nevada corporation with its principal
24 place of business in Orange, California. Consulting Dynamics is the general
25 partner of Advance Body Imaging. Consulting Dynamics is not registered with the
26 Commission in any capacity.

27 9. **Stanley Johnson ("Johnson")** is a resident of Fullerton, California.
28 Johnson is, and at all relevant times was, the CEO and majority owner of Advance

1 Body Imaging and the CEO and sole owner of Consulting Dynamics. He is not
2 registered with the Commission in any capacity.

3 **THE RELIEF DEFENDANT**

4 10. **Easter Turnipseed-Johnson (“Turnipseed-Johnson”)** is a resident
5 of Fullerton, California and is the wife of defendant Stanley Johnson.

6 **THE TERMS OF THE DEFENDANTS’ UNREGISTERED OFFERING**

7 11. The Defendants’ private placement memorandum (“PPM”), mailed to
8 prospective investors, represented that Advance Body Imaging’s unregistered
9 offering consisted of 600 limited partnership units offered at \$5,000 per unit, for a
10 maximum offering of \$3 million; that Consulting Dynamics retained the discretion
11 to extend the offering by an additional 100 units, thus increasing the total offering
12 to \$3.5 million; and that investors were required to purchase at least three limited
13 partnership units – a minimum investment of \$15,000 – but that Consulting
14 Dynamics reserved the right to accept subscriptions of fewer than three units.

15 12. Under the terms of Advance Body Imaging’s limited partnership
16 agreement (“LPA”), Consulting Dynamics has “full, exclusive and complete
17 discretion in the management and control of the affairs of the Limited Partnership .
18 . . and shall make all decisions affecting the Limited Partnership affairs.” Further,
19 under the terms of the LPA, Consulting Dynamics is to receive a percentage of the
20 monthly net revenues generated from the operations of Advance Body Imaging.

21 13. According to the PPM, the Defendants were to use the offering
22 proceeds:

23 to jointly finance, develop, own, manage, operate, maintain,
24 and equip a Medical Diagnostic Center, intended to be located
25 in Orange County, California, that will provide extended
26 medical services in the area of advanced diagnostics and
27 image-based therapies, including outpatient surgical services
28 and other ancillary medical services including advanced blood

1 testing and health enhancement programs.

2 14. More specifically, the PPM states that the Defendants were to use
3 40% of the offering proceeds to pay offering expenses, including “consulting fees,”
4 “organizational/management fee,” and “offering, syndication and commissions.”
5 The remaining 60% of offering proceeds were to be used “for the acquisition of
6 equipment, supplies, furnishing, build-out and the initial operation, management
7 and maintenance of the Imaging Center.”

8 15. Johnson reviewed the PPM, sent it or caused it to be sent to
9 prospective investors, and referred prospective investors to it for further
10 information.

11 **THE DEFENDANTS’ OFFER AND SALE OF LIMITED PARTNERSHIP UNITS**

12 16. The Defendants employed about one dozen sales agents, most of
13 whom solicited the purchasers of the limited partnership units by telephone from
14 the Defendants’ facilities in Southern California under the direct supervision of
15 Johnson.

16 17. From July 2004 through March 2007, the Defendants and their sales
17 agents offered and sold limited partnership units in Advance Body Imaging to
18 more than 100 investors in at least 25 states, raising more than \$3.1 million from
19 these sales.

20 18. The Defendants and their sales agents, using investor lead lists
21 purchased from lead list brokers, cold called prospective investors using the
22 telephone, and solicited them to purchase limited partnership units in Advance
23 Body Imaging.

24 19. In 2005 and 2006, Johnson and Defendants’ sales agents consistently
25 told prospective investors that Advance Body Imaging’s diagnostic facility would
26 open within the week or within the month; that investors would receive their first
27 dividend within a few months or by the end of the quarter; that investors would
28 receive a full return on their investment within 12 to 15 months; that investors

1 could expect to receive annual returns of 25% to 35% on their investment
2 thereafter; and that their original investment would multiply five-fold when the
3 company went public within 18 to 24 months.

4 20. In 2005 and 2006, the Defendants maintained a website,
5 www.advancedactivecare.com, promoting Advance Body Imaging's purported
6 diagnostic imaging services and the radiologists and cardiologists purportedly
7 employed to administer those services. The website provided a telephone number
8 for prospective customers to call for additional information about Advance Body
9 Imaging's services, and for prospective investors to call for additional information
10 regarding the opportunity to invest in Advance Body Imaging.

11 21. The website further allowed prospective investors to provide Advance
12 Body Imaging with their contact information. The Defendants or their sales agents
13 would then contact prospective investors by telephone and attempt to solicit their
14 investment.

15 **THE DEFENDANTS' MISUSE OF INVESTOR MONIES**

16 22. Johnson decided and directed how the monies realized from the sale
17 of limited partnership units in Advance Body Imaging were spent.

18 23. From July 2004 through March 2007, the Defendants did not use the
19 offering proceeds as represented orally or in the PPM and the LPA. Instead, they
20 used the majority of the offering proceeds to raise additional monies from investors
21 and to pay sales commissions to Johnson and the Defendants' sales agents.

22 24. Rather than using at least 60% of offering proceeds to operate a
23 diagnostic facility, as was represented in the PPM, the Defendants used no more
24 than 30% -- and perhaps less than 10% -- of the Total Monies Available for this
25 purpose.

26 25. The Defendants used at least 70% of the Total Monies Available for
27 costs associated with the offering. Specifically, the Defendants used more than
28 40% of the Total Monies Available to pay commissions to Johnson and his sales

1 agents. Johnson personally received more than \$500,000 in sales commissions,
2 most of which were paid in the form of checks made payable to and deposited in
3 an account in the name of his wife, Relief Defendant Turnipseed-Johnson. In
4 addition, the Defendants used 30% of the Total Monies Available to finance the
5 cost of soliciting additional investors and to pay lease obligations incurred by
6 Consulting Dynamics as the purported general partner of two unrelated entities.

7 **THE DEFENDANTS' MEDICAL FACILITY**

8 26. In late 2006, the Defendants opened a purported medical diagnostic
9 facility in Laguna Hills, California named "Inner Image Diagnostics Center"
10 ("Inner Image").

11 27. Through March 2007, Inner Image had received, at most, \$5,080 for
12 diagnostic services rendered.

13 28. Through at least March 2007, Inner Image's sole diagnostic machine,
14 an electron beam tomography ("EBT") scanner, was not in working condition.
15 Further, Inner Image lacked a technician licensed to operate the EBT scanner.

16 29. As of May 2007, Inner Image was two months overdue on the rent
17 owed on the Laguna Hills facility.

18 30. Contrary to the representations of Defendants, the operations of Inner
19 Image have not resulted in any returns paid to Defendants' investors.

20 **FIRST CLAIM FOR RELIEF**

21 **UNREGISTERED OFFER AND SALE OF SECURITIES**

22 **Violations of Sections 5(a) and 5(c) of the Securities Act**

23 **(Against Advance Body Imaging, Consulting Dynamics, and Johnson)**

24 31. The Commission realleges and incorporates by reference paragraphs 1
25 through 30 above.

26 32. Defendants Advance Body Imaging, Consulting Dynamics, and
27 Johnson, and each of them, by engaging in the conduct described above, directly or
28 indirectly, made use of means or instruments of transportation or communication

1 in interstate commerce or of the mails, to offer to sell or to sell securities, or to
2 carry or cause such securities to be carried through the mails or in interstate
3 commerce for the purpose of sale or for delivery after sale.

4 33. No registration statement has been filed with the Commission or has
5 been in effect with respect to the offering alleged herein.

6 34. By engaging in the conduct described above, Defendants Advance
7 Body Imaging, Consulting Dynamics, and Johnson, and each of them, violated,
8 and unless restrained and enjoined will continue to violate, Sections 5(a) and 5(c)
9 of the Securities Act, 15 U.S.C. §§ 77e(a) and 77e(c).

10 **SECOND CLAIM FOR RELIEF**

11 **FRAUD IN THE OFFER OR SALE OF SECURITIES**

12 **Violations of Section 17(a) Of the Securities Act**

13 **(Against Advance Body Imaging, Consulting Dynamics, and Johnson)**

14 35. The Commission realleges and incorporates by reference paragraphs 1
15 through 30 above.

16 36. Defendants Advance Body Imaging, Consulting Dynamics, and
17 Johnson, and each of them, by engaging in the conduct described above, directly or
18 indirectly, in the offer or sale of securities by the use of means or instruments of
19 transportation or communication in interstate commerce or by use of the mails:

- 20 a. with scienter, employed devices, schemes, or artifices to
21 defraud;
- 22 b. obtained money or property by means of untrue statements of a
23 material fact or by omitting to state a material fact necessary in
24 order to make the statements made, in light of the
25 circumstances under which they were made, not misleading; or
- 26 c. engaged in transactions, practices, or courses of business which
27 operated or would operate as a fraud or deceit upon the
28 purchaser.

1 **FOURTH CLAIM FOR RELIEF**

2 **FAILURE TO REGISTER AS A BROKER-DEALER**

3 **Violation of Section 15(a) of the Exchange Act**

4 **(Against Consulting Dynamics and Johnson)**

5 41. The Commission realleges and incorporates by reference paragraphs 1
6 through 30 above.

7 42. Defendants Consulting Dynamics and Johnson, and each of them, by
8 engaging in the conduct described above, made use of the mails or means or
9 instrumentalities of interstate commerce to effect transactions in, or to induce or
10 attempt to induce the purchase or sale of securities, without being registered as
11 brokers or dealers in accordance with Section 15(b) of the Exchange Act, 15
12 U.S.C. § 78o(b).

13 43. By engaging in the conduct described above, Defendants Consulting
14 Dynamics and Johnson violated, and unless restrained and enjoined will continue
15 to violate, Section 15(a) of the Exchange Act, 15 U.S.C. § 78o(a).

16 **PRAYER FOR RELIEF**

17 WHEREFORE, the Commission respectfully requests that the Court:

18 **I.**

19 Issue findings of fact and conclusions of law that Defendants Advance Body
20 Imaging, Consulting Dynamics, and Johnson committed the alleged violations.

21 **II.**

22 Issue judgments, in a form consistent with Fed. R. Civ. P. 65(d),
23 permanently enjoining Defendants Advance Body Imaging, Consulting Dynamics,
24 and Johnson, and their officers, agents, servants, employees, and attorneys, and
25 those persons in active concert or participation with any of them, who receive
26 actual notice of the judgment by personal service or otherwise, and each of them,
27 from violating Sections 5(a), 5(c) and 17(a) of the Securities Act, 15 U.S.C. §§
28 77e(a), 77e(c), & 77q(a), and Section 10(b) of the Exchange Act, 15 U.S.C. §

1 78j(b), and Rule 10b-5 thereunder, 17 C.F.R. § 240.10b-5, and further enjoining
2 Defendants Consulting Dynamics and Johnson and their officers, agents, servants,
3 employees, and attorneys, and those persons in active concert or participation with
4 any of them, who receive actual notice of the judgment by personal service or
5 otherwise, and each of them, from violating Section 15(a) of the Exchange Act, 15
6 U.S.C. § 78o(a).

7 **III.**

8 Order Defendants Advance Body Imaging, Consulting Dynamics, and
9 Johnson, and Relief Defendant Turnipseed-Johnson to disgorge all ill-gotten gains
10 from their illegal conduct, together with prejudgment interest thereon.

11 **IV.**

12 Order Defendants Advance Body Imaging, Consulting Dynamics, and
13 Johnson, to pay civil penalties pursuant to Section 20(d) of the Securities Act, 15
14 U.S.C. § 77t(d), and Section 21(d)(3) of the Exchange Act, 15 U.S.C. § 78u(d)(3).

15 **V.**

16 Retain jurisdiction of this action in accordance with the principles of equity
17 and the Federal Rules of Civil Procedure in order to implement and carry out the
18 terms of all orders and decrees that may be entered, or to entertain any suitable
19 application or motion for additional relief within the jurisdiction of this Court.

20 **VI.**

21 Grant such other and further relief as this Court may determine to be just and
22 necessary.

23 DATED: September ____, 2007

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25 PETER F. DEL GRECO
26 Attorneys for Plaintiff
27 Securities and Exchange Commission
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