

STATE OF ILLINOIS  
SECRETARY OF STATE  
SECURITIES DEPARTMENT

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IN THE MATTER OF: USA PROPERTIES OF ILLINOIS, INC. )  
ITS OFFICERS, DIRECTORS, ) File No. 0400773  
EMPLOYEES, AFFILIATES, SUCCESSORS, )  
AGENTS AND ASSIGNS AND ZIA AHMED )  
)

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ORDER OF PROHIBITION

TO THE RESPONDENTS: USA Properties of Illinois, Inc.  
Zia Ahmed  
PO Box 957  
Wheaton, Illinois 60189-0957

WHEREAS, the record of the above-captioned matter has been reviewed by the Secretary of State or his duly authorized representative;

WHEREAS, the rulings of the Hearing Officer on the admission of evidence and all motions are deemed to be proper and are hereby concurred with by the Secretary of State;

WHEREAS, the proposed Findings of Facts and Conclusions of Law and Recommendation of the Hearing officer, John K. Ellis, in the above-captioned matter have been read and examined; and

WHEREAS, the proposed Findings of Fact are correct and are adopted by the Secretary of State as follows:

1. The evidence, exhibits and testimony have been offered and received from all parties and a proper record of all proceedings has been made and preserved as required.
2. The Hearing Officer has ruled on all motions and objections timely made and submitted.
3. The Hearing Officer and the Secretary of State Securities Department have jurisdiction over the parties herein and the subject matter dealt with

Order of Prohibition

-2-

herein, due and proper notice having been previously given as required by statute in this case.

4. As no answer, special appearance or other responsive pleading was filed, the Respondent is therefore deemed to be in default.
5. USA Properties of Illinois, Inc. ("USA Properties") is an Illinois registered corporation incorporated June 2, 2004.
6. Zia Ahmed is the President and registered agent of USA Properties of Illinois, Inc.
7. On or about September 18, 2004, USA Properties and Zia Ahmed offered and sold to JD, an Illinois resident, for \$50,000, a Single Deferred Note for a term of 5 years, with an interest rate of 6% and offering withdrawals of funds after the first year not to exceed 10% with a 5% penalty for withdrawals over 10%.
8. Zia Ahmed told JD that USA Properties was in the business of commercial property transactions and that the investment would be used for buying and selling commercial properties.
9. Zia Ahmed failed to disclose to JD that USA Properties had been incorporated for only 3 months at the time of issuance of the Note described above.
10. On or about May 8, 2006, USA Properties and Zia Ahmed offered and sold to JZ and LZ, Illinois residents, husband and wife both over the age of 80 at the time of sale, two 10 year Notes with a stated interest of 6% per year for the first note and 6.5% for the second. The first note was in the amount of \$65,000 and dated May 10, 2006 and the second was in the amount of \$80,000 and dated June 7, 2006.
11. In return for the Notes, JZ and LZ provided a check to Zia Ahmed and USA Properties for \$145,000. The funds for this check and investment came from the sale of variable annuity they owned and which Zia Ahmed recommended they sell in order to invest with him and USA Properties, Inc. Zia Ahmed's recommendation to sell JZ and LZ's Variable Annuity resulted in an early surrender penalty of \$9,295.18.

Order of Prohibition

-3-

12. Zia Ahmed failed to disclose to JZ and LZ that by selling their variable annuity early and investing the proceeds with USA Properties they would immediately lose \$9,295.18 of their retirement funds.
13. After JZ and LZ invested in USA Properties, their daughter KG asked Zia Ahmed for an update on the investment. Zia Ahmed told her "Don't worry, the investment has already made \$40,000 in the first three months."
14. The above-referenced Notes are securities as that term is defined pursuant to Section 2.1. of the Illinois Securities Law of 1953 [815 ILCS 5/1 et seq.] (the "Act").
15. Section 5 of the Act provides, inter alia, that all securities except those exempt under Section 3 of the Act or those offered and sold in transactions exempt under Section 4 of the Act shall be registered with the Secretary of State prior to their offer or sale in the State of Illinois.
16. Section 2.5 of the Act defines the term "Sale or Sell" to include the full meaning of that term as applied or accepted in the courts of this State, and shall include every contract of sale or disposition of a security or interest in a security for value.
17. Section 2.5a of the Act defines the term "Offer" to include every offer to sell or otherwise dispose of, or solicitation to an offer to purchase, a security or interest in a security for value; provided that the term "Offer" shall not include any preliminary negotiations or agreements between an issuer and any underwriter or among underwriters who are or are to be in privity of contract with an issuer, or the circulation or publication of an identifying statement or circular or preliminary prospectus, as defined by rules or regulations of the Secretary of State.
18. Section 12.A of the Act provides, inter alia, that it shall be a violation of the Act for any person to offer or sell any security except in accordance with the provisions of the Act.
19. Section 12.D of the Act provides, inter alia, that it shall be a violation of the Act for any person to fail to file with the Secretary of State any document or

Order of Prohibition

-4-

application required to be filed under the provision of the Act.

20. Section 12.F of the Act provide, inter alia, that it shall be a violation of the Act for any person to engage in nay transaction, practice or course of business in connection with the sale or purchase of securities which works or tends to work a fraud or deceit upon the purchaser or seller thereof.
21. Section 12.G of the Act provides, inter alia, that it shall be a violation of the Act for any person to obtain money or property through the sale of securities by means of any untrue statement of material fact or any omission to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.
22. At all times relevant hereto, USA Properties of Illinois, Inc. and its Officers, Directors, Employees, Affiliates, Successors, Agents and Assigns and Zia Ahmed failed to register their securities prior to their offer and sale in the State of Illinois.
23. That by virtue of the foregoing, USA Properties of Illinois, Inc., its Officers, Directors, Employees, Affiliates, Successors, Agents and Assigns and Zia Ahmed have violated Sections 12.A , 12.D, 12.F and 12.G of the Act.
24. Section 11.F.(2) of the Act provides, inter alia, that the Secretary of State may temporarily suspend or prohibit the offer or sale of securities by any person if the Secretary of State in his or her opinion, based upon credible evidence, deems it necessary to prevent an imminent violation of the Act or to prevent losses to investors which the Secretary of State reasonably believes will occur as a result of a prior violation of the Act.
25. That Section 11.E(2) of the Act provides, inter alia, that if the Secretary of State shall find that any person has violated subsections D, F or G of Section 12 of the Act, the Secretary of State may by written order prohibit the person from offering or selling any securities in this State.

Order of Prohibition

-5-

26. That Section 11.E(4) of the Act provides, inter alia, that if the Secretary of State, after finding that any provision of the Act has been violated, may impose a fine as provided by rule, regulation or order not to exceed \$10,000.00 for each violation of the Act.
27. That by virtue of the foregoing, the Respondents, USA Properties of Illinois, Inc. and its Officers, Directors, Employees, Affiliates, Successors, Agents and Assigns and Zia Ahmed, are subject to a fine of up to \$10,000.00 per violation, an order of censure and an order which permanently prohibits the Respondents from offering or selling securities in the State of Illinois.

WHEREAS, the proposed Conclusions of Law are correct and are adopted by the Secretary of State as follows:

1. After proper notification, the Department may proceed with a hearing in the Respondent's absence. (735 ILCS 5/1-105 and 5/2-1301; Ryan v. Bening, 1978, 22 Ill. Dec. 873, 66 Ill. App.3d 127, 383 N.E.2d 681; Koenig v. Nardullo, 1968, 99 Ill. App. 480, 241 N.E.2d 567) Significantly, the Notice of Hearing outlines that a default judgment may be entered against a Respondent who fails to appear or answer the charge(s).
2. The actions, representations, and/or omissions of the Respondents, USA Properties, Inc., its officers, directors, employees, affiliates, successors, agents, and assigns, and Zia Ahmed, made in connection with the failure to offer or sell any security in accordance with the provisions of the Act are violations of Section 12.A of the Act. The actions, representations, and/or omissions of the Respondents, USA Properties, Inc., its officers, directors, employees, affiliates, successors, agents, and assigns, and Zia Ahmed, made in connection with a failure to file the required Application for Registration with the Secretary of State are violations of Section 12.D. The actions, representations, and/or omissions of the Respondents, USA Properties, Inc., its officers, directors, employees, affiliates, successors, agents, and assigns, and Zia Ahmed, that were made in connection with the offer or sale of securities and worked or tended to work a fraud or deceit upon an Illinois purchaser are violations of Section 12.F of the Act. The actions, representations, and/or omissions of the Respondents,

Order of Prohibition

-6-


USA Properties, Inc., its officers, directors, employees, affiliates, successors, agents, and assigns, and Zia Ahmed, which were untrue or misleading statement of material facts and were made to obtain money from an Illinois purchaser are violations of Section 12.G of the Act.

3. That by virtue of the foregoing and because of the Findings of this Order, and the pleadings and Exhibits admitted as Secretary of State Exhibits Numbers 1-10, the Respondents, USA Properties, Inc., its officers, directors, employees, affiliates, successors, agents, and assigns, and Zia Ahmed, are subject to the entry of a final written order that permanently prohibits the Respondents, USA Properties, Inc., its officers, directors, employees, affiliates, successors, agents, and assigns, and Zia Ahmed pursuant to Section 11.E(2) of the Act from offering or selling securities in the State of Illinois, and grants such other relief as may be authorized under the Act., as well as the fact that the Respondents failed to answer the charges or appear at the hearing, the entry of a written Order of Prohibition pursuant to 815 ILCS 5/11.E(2) which permanently prohibits the offer or sale of securities by the Respondents in the State of Illinois, and an order of public censure and a fine up to \$10,000.00 per violation pursuant to 815 ILCS 5/11.E(4), are proper in this matter.

WHEREAS, the proposed Recommendation of the Hearing Officer are adopted by the Secretary of State.

NOW THEREFORE IT IS HEREBY ORDERED: That pursuant to the foregoing Findings of Fact, Conclusions of Law, and the Recommendations of the Hearing Officer, the Respondents and their affiliates, successors and assigns are permanently prohibited from offering or selling securities in the State of Illinois.

ENTERED: This 12<sup>th</sup> day of March, 2008

  
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JESSE WHITE  
Secretary of State  
State of Illinois

Order of Prohibition

-7-

NOTICE: Failure to comply with the terms of this Order shall be a violation of Section 12.D of the Illinois Securities Law of 1953, as amended, 815 ILCS 5/1 et seq. (the "Act"). Any person or entity who fails to comply with the terms of this Order of the Secretary of State, having knowledge of the existence of this Order, shall be guilty of a Class 4 felony.

This is a final order subject to administrative review pursuant to the Administrative Review Law, 735 ILCS 5/3-101 et seq. and the Rules and Regulations of the Act (14 Ill. Admin. Code, Ch. I, Sec. 130.1123). Any action for judicial review must be commenced within thirty-five (35) days from the date a copy of this Order is served upon the party seeking review.

Attorney for the Secretary of State:  
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