

STATE OF ILLINOIS  
SECRETARY OF STATE  
SECURITIES DEPARTMENT

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IN THE MATTER OF: QI CHEN A/K/A ALEX )  
QI CHEN A/K/A ALEX CHEN (CRD# 2233415), )  
ALEXANDER FINANCIAL SERVICES, INC., )  
ATM INVESTORS INC., and ALL IN 1 INSURANCE )  
AGENCY. )  
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FILE NO. 0400128

**ORDER OF PROHIBITION**

**TO THE RESPONDENTS:** Qi Chen (CRD# 2233415)  
1224 Georgetown Way  
Vernon Hills, IL 60061-4122

Alexander Financial Services, Inc.  
870 East Higgins Road, STE 138-E  
Schaumburg, Illinois 60173.

ATM Investors, Inc.  
870 East Higgins Road, STE 138-E  
Schaumburg, Illinois 60173.

All In 1 Insurance Agency  
4242 North Arlington Heights Rd.  
Arlington Heights, Illinois 60004.

WHEREAS, A Temporary Order of Prohibition was issued by the Secretary of State on March 1, 2006 which prohibited Qi Chen a/k/a Alex Qi Chen a/k/a Alex Chen, Alexander Financial Services, Inc., ATM Investors, Inc., and All In 1 Insurance Agency ("Respondents") from offering or selling securities in or from the State of Illinois until further order from the Secretary of State or his duly authorized representative;

WHEREAS, pursuant to Section 11.F of the Illinois Securities Law of 1953 [815 ILCS 5] (the "Act"), the failure to request a hearing within thirty (30) calendar days of the entry of the Temporary Order shall constitute an admission of any facts alleged therein and constitute a sufficient basis to make the Temporary Order final;

WHEREAS, the Respondents have failed to request a hearing on the matters contained in the Temporary Order within thirty (30) calendar days of the entry of said

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Temporary Order and the Respondents are hereby deemed to have admitted the facts alleged in the Temporary Order;

WHEREAS, the Secretary of State, by and through his duly authorized representative, has adopted the Findings of Fact contained in the said Temporary Order as the Secretary of State's Findings of Fact as follows:

1. Respondent Qi Chen a/k/a "Alex" Chen a/k/a Alex Qi Chen ("Respondent") is a resident of Illinois, with a last known address of 1224 Georgetown Way, Vernon Hills, Illinois 60061-4122. From 1992 until the present, Respondent has been licensed to sell mutual funds and variable annuities in the State of Illinois (Respondent is also currently licensed to sell insurance).
2. Respondent Alexander Financial Services, Inc. ("Alexander") was incorporated in Illinois by Respondent on December 4, 1995, and involuntarily dissolved on May 1, 1999. Alexander has a last known address of 870 East Higgins Road, STE 138-E, Schaumburg, Illinois 60173.
3. Respondent ATM Investors Inc. ("ATM") was incorporated in Illinois by Respondent on October 18, 1996, and was involuntarily dissolved on March 1, 2000. ATM has a last known address of 870 East Higgins Road, STE 138-E, Schaumburg, Illinois 60173.
4. Respondent All In 1 Insurance Agency ("All In 1") was incorporated in Illinois by Respondent on April 4, 2004, and was involuntarily dissolved on September 1, 2005. All In 1 has a last known address of 4242 North Arlington Heights Rd., Arlington Heights, Illinois 60004.
5. Between 1996 and 2005 Respondent offered and sold investments in Alexander, ATM and All In 1, in violation of the Illinois Securities Law of 1953, 815 ILCS 5/1 *et seq.* (the "Act"), as follows:

**Count I**

**Respondents' Fraudulent Investment Scheme in All In 1**

- 1-5. The Department re-alleges and incorporates Paragraphs 1 through 5 as paragraphs 1 through 5 of this Count I.
6. Between 2003 and 2005, by advertising in newspapers and in telephone books, Respondent Chen and Respondent All In 1 offered and sold to at least five (5) Illinois Investors and others, notes in All In 1. The amounts Respondents sold to Investors ranged from five-thousand dollars (\$5,000.00) to twenty-thousand dollars (\$20,000.00) apiece, and were to be invested into what was called a "Preferred 10% Customer Account" ("Notes").

7. Respondents represented to Investors that the Notes were “Safe and Sound, High Return, Convenient, Liquidible”; and
  - a. would pay a 10% guaranteed return, per annum;
  - b. that the investments were “safe,” backed by, “full credit and total assets of the company and other investments,”
  - c. that the “company maintains adequate insurance and other securities for all accounts”; and
  - d. that there existed a “guaranteed return of principal and 10% pro-rated income for early call back of the whole account.”
8. Respondents’ Notes were not registered for sale in the State of Illinois.
9. Respondents printed and mailed “Guarantee Certificates” (“Certificates”) to investors that purchased Respondents’ Notes. These Certificates state the amount invested and reiterated Respondents’ terms and guarantees of the investment as quoted above.
10. In fact, Respondent Chen never maintained adequate assets in Respondent All In 1 nor did he acquire insurance or “securities” (sic) to cover liabilities on the Notes Respondents sold.
11. Instead, Respondent Chen had orchestrated a scheme whereby he used the proceeds of Notes sales to pay off earlier Investors in his other schemes. Respondent Chen also used the Investors’ money for his own personal use and benefit.
12. For instance, Respondent Chen, in a recorded interview (“Interview”) taken by an Investor’s private counsel on April 12, 2005, admitted: 1) that he used the money he received for the Notes to pay Investors of Respondent Alexander; 2) that he had spent Investors’ money for personal use; and 3) to knowing that this fraudulent practice was not “right” and constituted securities fraud.
13. The activities set forth in the paragraphs above, evidence the offer and sale of securities as those terms are defined in Sections 2.1, 2.5, and 2.5a of the Illinois Securities Law of 1953, 815 ILCS 5/1 *et seq.*
14. Section 12.D of the Act states that it shall be a violation of the provisions of this Act for any person to, “fail to file with the Secretary of State any application, report or document required to be filed under the provisions of this Act or any rule or regulation made by the Secretary of State or pursuant to this Act...” 815 ILCS 5/12.D.
15. Section 12.F of The Act states that it shall be a violation of the provisions of this Act for any person to, “engage in any 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.” 815 ILCS 5/12.F.

16. Section 12.G of the Act states that it shall be a violation of the provisions of this Act for any person to, “obtain money or property through the sale of securities by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.” 815 ILCS 5/12.G.
17. Section 12.H of the Act states that it shall be a violation of the provisions of this Act for any person to, “sign or circulate any statement, prospectus, or other paper or document required by any provision of this Act or pertaining to any security knowing or having reasonable grounds to know any material representation therein to be false or untrue.” 815 ILCS 5/12.H.
18. Section 12.I of the Act states that it shall be a violation of the provisions of this Act for any person to, “employ any device, scheme, or artifice to defraud in connection with the sale or purchase of any security, directly or indirectly. 815 ILCS 5/12.I.
19. The activities described above constitute violations of Sections 12.D, 12.F, 12.G, 12.H, and 12.I of the act.

**Count II**

**Respondents’ Fraudulent Investment Scheme in Alexander Financial Services**

- 1-5. The Department re-alleges and incorporates Paragraphs 1 through 5 as Paragraphs 1 through 5 of this Count II.
6. Between 1996 and 2004 Respondent Chen and Respondent Alexander sold to at least ten (10) Illinois Investors and others “Certificates of Deposit” in Respondent Alexander, acquiring over three-million dollars (\$3,000,000.00) from the Investors. Respondents’ investment scheme was called the “Preferred Rate Deposit program” (“CDs”).
7. Respondents represented to investors that the CDs would guarantee an annual rate of 5.98%, and that Respondent Alexander was registered with the State of Illinois and FDIC as a Deposit Broker, in compliance with FDIC regulations.
8. Respondents printed and delivered to Investors certificates documenting their investments into the CDs (“Certificates”). Each Certificate states the amount of money the Investor gave to Respondents, and each also states the above referenced terms as well as the assurances that the investments were registered with Illinois and that the investment was in compliance with FDIC regulations.
9. Respondents led Investors to believe they were purchasing certificates of deposit from a financial institution that had the approval of State and Federal regulatory agencies, and that the investments were protected by FDIC insurance.

10. However, the CDs were not registered with the State of Illinois, were not in compliance with any State or Federal regulation, were never insured by the FDIC, and, most importantly, Investors' money was not invested by or through Respondent Alexander. Instead, Respondents had orchestrated a scheme to defraud investors residing throughout the United States by using Investors' money to pay off earlier Investors, and for his own personal use and benefit.
11. For instance, Respondent Chen, in a recorded interview ("Interview") taken by an Investor's private counsel on April 12, 2005, admitted: 1) That he used the money he received for the CDs to pay earlier Investors in Respondent Alexander; 2) that he had spent Investors' money for personal use; and 3) to knowing that this fraudulent practice was not "right" and constituted securities fraud.
12. The activities set forth in the paragraphs above, evidence the offer and sale of securities as those terms are defined in Sections 2.1, 2.5, and 2.5a of the Illinois Securities Law of 1953, 815 ILCS 5/1 *et seq.*
13. Section 12.D of the Act states that it shall be a violation of the provisions of this Act for any person to, "fail to file with the Secretary of State any application, report or document required to be filed under the provisions of this Act or any rule or regulation made by the Secretary of State or pursuant to this Act..." 815 ILCS 5/12.D.
14. Section 12.F of The Act states that it shall be a violation of the provisions of this Act for any person to, "engage in any 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." 815 ILCS 5/12.F.
15. Section 12.G of the Act states that it shall be a violation of the provisions of this Act for any person to, "obtain money or property through the sale of securities by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading." 815 ILCS 5/12.G.
16. Section 12.H of the Act states that it shall be a violation of the provisions of this Act for any person to, "sign or circulate any statement, prospectus, or other paper or document required by any provision of this Act or pertaining to any security knowing or having reasonable grounds to know any material representation therein to be false or untrue." 815 ILCS 5/12.H.
17. Section 12.I of the Act states that it shall be a violation of the provisions of this Act for any person to, "employ any device, scheme, or artifice to defraud in connection with the sale or purchase of any security, directly or indirectly. 815 ILCS 5/12.I.
18. The activities described above constitute violations of Sections 12.D, 12.F, 12.G, 12.H, and 12.I of the act.

**Count III**  
**Respondents' Fraudulent Sale of Viaticals**

- 1-5. The Department re-alleges and incorporates Paragraphs 1 through 5 as Paragraphs 1 through 5 of this Count III.
6. Between 1996 and 2005 Respondent Chen and Respondent ATM offered and sold a "Viatical Settlement Program" ("Viaticals") by advertising in newspapers and other periodicals read throughout the United States.
7. Viaticals are an investment contract whereby an investor purchases the right to be a beneficiary of all or a portion of the *proceeds* of a life insurance contract upon the death of the insured. Investment contracts constitute securities in the State of Illinois.
8. Respondent ATM is not, and never was, registered to sell securities in the State of Illinois.
9. Respondents represented the Viaticals sold in his Program;
  - a. were "Safe and Sound, High Return, Convenient, Liquidible";
  - b. were "backed by insurance policies" and also insured by the "State Insurance Guarantee Fund" for up to three-hundred thousand dollars (\$300,000.00); and
  - c. would provide from 6 to 60% returns (sic), depending on the number of years invested.
10. In fact, Respondents' Viaticals were illusory: Respondents did not obtain any interest in insurance policies for investors to purchase; Respondents did not place investors' money into any insurance policies or trusts accounts made of insurance policies; Respondents did not secure for investors any beneficiary interest in insurance policies; and, Respondents' Viaticals were not insured by any State Guarantee Fund nor were they ever insured by the State of Illinois.
11. Respondents printed and delivered to investors certificates for the purported Viaticals ("Certificates"), that identify ATM as the issuer of the Viaticals, that reiterate Respondents' claims of "Safe and Sound, High Return, Convenient, Liquidible," and are signed by Respondent Chen.
12. Respondents never intended to invest Investors' money into securities of any kind. Rather, Respondents had orchestrated a Scheme to defraud investors residing throughout the United States. For instance, Respondent used money that he had received from new Investors to pay-off earlier investors of his Viaticals and other investment schemes, the latter having only been paid when they complained to Respondent about not receiving their promised returns.

13. Since 1996 through the present Respondents sold the Viaticals to more than forty (40) Investors.
14. The activities set forth in the paragraphs above, in particular, Paragraph 7, evidence the offer and sale of securities as those terms are defined in Sections 2.1, 2.5, and 2.5a of the Illinois Securities Law of 1953, 815 ILCS 5/1 *et seq.*
15. Section 12.D of the Act states that it shall be a violation of the provisions of this Act for any person to, “fail to file with the Secretary of State any application, report or document required to be filed under the provisions of this Act or any rule or regulation made by the Secretary of State or pursuant to this Act...” 815 ILCS 5/12.D.
16. Section 12.F of The Act states that it shall be a violation of the provisions of this Act for any person to, “engage in any 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.” 815 ILCS 5/12.F.
17. Section 12.G of the Act states that it shall be a violation of the provisions of this Act for any person to, “obtain money or property through the sale of securities by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.” 815 ILCS 5/12.G.
18. Section 12.H of the Act states that it shall be a violation of the provisions of this Act for any person to, “sign or circulate any statement, prospectus, or other paper or document required by any provision of this Act or pertaining to any security knowing or having reasonable grounds to know any material representation therein to be false or untrue.” 815 ILCS 5/12.H.
19. Section 12.I of the Act states that it shall be a violation of the provisions of this Act for any person to, “employ any device, scheme, or artifice to defraud in connection with the sale or purchase of any security, directly or indirectly. 815 ILCS 5/12.I.
20. The activities described above constitute violations of Sections 12.D, 12.F, 12.G, 12.H, and 12.I of the act.

**Count IV**

**Respondent’s Fraudulent Sale of Tax Lien Interests**

- 1-5. The Department re-alleges and incorporates Paragraphs 1 through 5 as Paragraphs 1 through 5 of this Count IV.
6. In 2004 Respondent Chen and Respondent Alexander sold to at least one Investor an interest in Tax Liens.

7. Tax Liens are an investment contract: typically a private person or entity (a "promoter") has paid the appropriate public entity taxes due in exchange for a lien on the property; the promoter then organizes several such liens into a "pool" and sells interests in the pooled liens to investors while retaining an obligation to manage and enforce the liens; the property owner either pays the promoter to satisfy the lien, or after a specified period of time the promoter enforces the lien. Under the investment contract the promoter is obligated to distribute any proceeds of the liens to the investors. Tax Liens constitute an investment contract, and thus securities, under the Act.
8. Respondents represented to the Investor that the investment in Tax Liens;
  - a. was "Safe and Sound, High Return, Convenient, Liquidible";
  - b. the "Principal and interest is backed by full credit and total assets of the TLC Account and/or other investments";
  - c. would be "issued by local governments and will be paid directly by government"; and
  - d. an "8% guaranteed return."
9. Respondents printed and delivered to Investor a "Tax Lien Certificate" that reiterated the above-mentioned terms and guarantees.
10. Respondents never registered Tax Liens with the State of Illinois.
11. Respondents never placed Investor's money into any interest in a tax lien, or pool of tax liens, nor did Respondents ever establish any tax lien trust account for Investors in Tax Liens.
12. Instead, Respondent Chen used Investor's money to pay his personal debt to other individuals and to credit card companies.
13. The activities set forth in the paragraphs above, evidence the offer and sale of securities as those terms are defined in Sections 2.1, 2.5, and 2.5a of the Illinois Securities Law of 1953, 815 ILCS 5/1 *et seq.*
14. Section 12.D of the Act states that it shall be a violation of the provisions of this Act for any person to, "fail to file with the Secretary of State any application, report or document required to be filed under the provisions of this Act or any rule or regulation made by the Secretary of State or pursuant to this Act..." 815 ILCS 5/12.D.
15. Section 12.F of The Act states that it shall be a violation of the provisions of this Act for any person to, "engage in any 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." 815 ILCS 5/12.F.



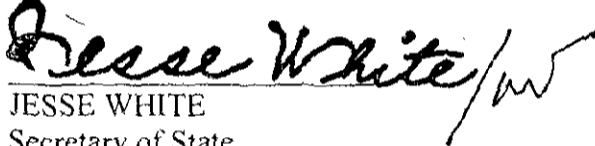
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16. Section 12.G of the Act states that it shall be a violation of the provisions of this Act for any person to, "obtain money or property through the sale of securities by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading." 815 ILCS 5/12.G.
17. Section 12.H of the Act states that it shall be a violation of the provisions of this Act for any person to, "sign or circulate any statement, prospectus, or other paper or document required by any provision of this Act or pertaining to any security knowing or having reasonable grounds to know any material representation therein to be false or untrue." 815 ILCS 5/12.H.
18. Section 12.I of the Act states that it shall be a violation of the provisions of this Act for any person to, "employ any device, scheme, or artifice to defraud in connection with the sale or purchase of any security, directly or indirectly." 815 ILCS 5/12.I.
19. The activities described above constitute violations of Sections 12.D, 12.F, 12.G, 12.H, and 12.I of the act.

**NOW THEREFORE IT IS HEREBY ORDERED:** That pursuant to Section 11.F of the Act, Respondents *Qi Chen a/k/a Alex Qi Chen a/k/a Alex Chen*, Alexander Financial Services, Inc., ATM Investors, Inc., and All In 1 Insurance Agency are hereby permanently **PROHIBITED** from offering or selling securities in or from this State of Illinois.

ENTERED: This 18<sup>th</sup> day of April 2006.

  
JESSE WHITE  
Secretary of State  
State of Illinois

NOTICE: Failure to comply with the terms of this Order shall be a violation of Section 12.D of the Act. Any person or entity that 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 Illinois Securities 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.