

**STATE OF ILLINOIS  
SECRETARY OF STATE  
SECURITIES DEPARTMENT**

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IN THE MATTER OF: MONEY MATTERS FOR WOMEN OF  
COLOR, INC., an Illinois corporation;  
NEVADA GOLD EXCHANGE, LLC, a  
Nevada limited liability company; ABU H.  
ALI JR., individually and as president of  
Money Matters for Women of Color, Inc.;  
and NANETTE BLOUNT, also known as  
JUANITA ALI, individually and as office  
manager of Money Matters for Women of  
Color, Inc.

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File No. 0700207

**ORDER OF PROHIBITION AND DISMISSAL**

TO THE RESPONDENTS:

Nanette Blount  
P.O. Box 10158  
Cleveland, OH 44110

Abu H. Ali Jr.  
210 Hadrian Circle  
Atlanta, GA 30349

Money Matters for Women of Color, Inc.  
c/o Abu H. Ali Jr.  
210 Hadrian Circle  
Atlanta, GA 30349

Nevada Gold Exchange, LLC  
Substitute Service:  
Secretary of State Index Department

WHEREAS, on February 7, 2012 and August 28, 2012, Soula J. Spyropoulos and, on November 30, 2012, December 3 - 5, 2012, and June 24 - 28, 2013, Canella E. Henrichs, Hearing Officers for the Illinois Secretary of State Department of Securities (the "Department"), held a hearing pursuant to Section 11.F of the Illinois Securities Law of 1953 [815 ILCS 5] (the "Act") and 14 Ill. Adm. Code 130 Subpart K (the "Rules") to determine whether an Order should be entered granting such relief as may be authorized under the Act.

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WHEREAS, the proposed Findings of Facts, Conclusions of Law, and the Recommendations of the Hearing Officer in the above-captioned matter have been read and examined.

**FINDINGS OF FACT**

WHEREAS, pursuant to the evidence and testimony presented at the hearing and made part of the record, the Secretary of State hereby adopts, in part, the Proposed Findings of Fact of the Hearing Officer and makes additional findings of fact, as stated below.

1. On September 22, 2011, the Department issued a Notice of Hearing setting the hearing for December 6, 2011, which was continued to February 7, 2012.
2. The Notice of Hearing included the information required under Section 130.1102 of the Rules.

**THE SECRETARY OF STATE MAKES THE FOLLOWING ADDITIONAL FINDINGS OF FACT BASED ON THE EVIDENCE IN THE RECORD (§13-5):**

3. On September 23, 2011, the Department gave proper notice of the Notice of Hearing to Respondent Nevada Gold Exchange, LLC ("Nevada Gold"), by depositing a copy of the Notice of Hearing with the United States Postal Service, for certified delivery, return receipt requested, to the last known address, 3630 Howard Hughes Parkway, 5<sup>th</sup> Floor, Las Vegas, Nevada 89169.
4. On September 23, 2011, Respondent Nanette Blount ("Blount") was personally served with a copy of the Notice of Hearing.
5. On October 8, 2011, Respondent Abu H. Ali Jr. ("Ali Jr.") signed for certified delivery of a copy of the Notice of Hearing.
6. Both Respondent Ali Jr., individually and as President of Money Matters for Women of Color, Inc. ("Money Matters"), and Respondent Blount appeared, answered, and participated fully in the hearing in this matter.
7. Respondent Nevada Gold did not file an answer and did not appear at the hearing, nor was it represented by counsel.
8. As of the date hereof, the Hearing Officer is unaware of the existence of any other outstanding petitions, motions, or objections as to this matter or the proceedings thereon which have not already been ruled upon.

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9. Respondent Money Matters was an Illinois corporation that was initially incorporated by Abu H. Ali Sr. ("Ali Sr.") and his wife, Respondent Blount, on September 1, 1999. Until his death on June 7, 2009, Ali Sr. was its President, sole officer, and registered agent.

**THE SECRETARY OF STATE MAKES THE FOLLOWING ADDITIONAL FINDINGS OF FACT BASED ON THE EVIDENCE IN THE RECORD (¶10):**

10. The last known address for Money Matters was 10 South Riverside Plaza, Suite 1800, Chicago, Illinois 60606.
11. During the relevant time period, Ali Sr. and Respondent Blount maintained residences in Illinois and Nevada.
12. Nevada Gold was a Nevada corporation incorporated by Ali Sr. on or about September 5, 2008.

**THE SECRETARY OF STATE MAKES THE FOLLOWING ADDITIONAL FINDINGS OF FACT BASED ON THE EVIDENCE IN THE RECORD (¶13-14):**

13. Until his death, Ali Sr. was the Manager, sole member, and registered agent of Nevada Gold.
14. During the relevant time period, Ali Sr. maintained offices in Chicago, Illinois; Las Vegas, Nevada; and several other cities across the country.
15. At all times relevant, Respondents Money Matters and Nevada Gold were operated as a family business, with Ali Sr. as its head, with Respondent Ali Jr. trained and functioning as next in command and successor, and with Respondent Blount working as a customer liaison for both Money Matters and Nevada Gold and as an administrative assistant to both Ali Sr. and Respondent Ali Jr.
16. During the relevant time period, Respondent Ali Jr. maintained an Illinois residence but travelled frequently to Nevada, staying at the family home in Nevada.

**THE SECRETARY OF STATE MAKES THE FOLLOWING ADDITIONAL FINDINGS OF FACT BASED ON THE EVIDENCE IN THE RECORD (¶17-19):**

17. Since June 2009, Respondent Ali Jr. has acted as the President of Money Matters, having assumed that responsibility after his father's death, with Respondent Blount's assistance.
18. Respondent Ali Jr. has a last known address of 210 Hadrian Circle, Atlanta, GA 30349.
19. Respondent Blount has a last known address of P.O. Box 10158, Cleveland, Ohio 44110.

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20. On or about July 16, 2009, Nevada Gold was dissolved but said Articles of Dissolution bore a fraudulent signature for Ali Sr.

21. Barry Taylor was Ali Sr.'s brother.

**THE SECRETARY OF STATE MAKES THE FOLLOWING ADDITIONAL FINDINGS OF FACT BASED ON THE EVIDENCE IN THE RECORD (¶22):**

22. Taylor was trained by Ali Sr. and, at times, worked with Ali Sr. to promote Money Matters.

23. On or about July 17, 2009, Taylor filed a reservation of name for Nevada Gold Exchange, LLC which expired on October 17, 2009.

**THE SECRETARY OF STATE MAKES THE FOLLOWING ADDITIONAL FINDINGS OF FACT BASED ON THE EVIDENCE IN THE RECORD (¶24):**

24. Over the years, Money Matters sponsored many financial education seminars. Ali Sr., Respondent Ali Jr., and others spoke at the seminars.

25. During the relevant time period, Ali Sr. and Respondent Ali Jr. developed clients through Money Matters, and both sold annuities to those clients.

**THE SECRETARY OF STATE MAKES THE FOLLOWING ADDITIONAL FINDINGS OF FACT BASED ON THE EVIDENCE IN THE RECORD (¶26-27):**

26. The Ali family gained recognition and built up their client base by providing additional free services to their clients, sponsoring seminars, hosting social events, and making charitable donations to community organizations.

27. In or about September 2008, Ali Sr. began to solicit Money Matters clients for investments in precious metals (silver and gold).

28. On December 16, 2008, Ali Sr. opened a private vault at the 24/7 Vault Company in Las Vegas, Nevada. The vault was used by him to store precious metals including certain client purchases.

**THE SECRETARY OF STATE MAKES THE FOLLOWING ADDITIONAL FINDINGS OF FACT BASED ON THE EVIDENCE IN THE RECORD (¶29-30):**

29. The 24/7 Vault Company was a commercial vault in a Las Vegas strip mall, advertised as a means of preserving anonymity, untraceable, and never asking for identification.

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30. The vault company urged renters to obtain their own insurance to cover losses due to the vault company's action or inaction and warned that the vault company's liability was limited to \$100.00.
31. When the vault was opened, the only persons having direct control and access to the vault were Ali Sr. and Respondent Ali Jr., each having been provided with a PIN, iris recognition, and keys, although the lease agreement for the vault reflected the name of Respondent Blount as "Personal Trustcc."
32. Sometime between December 2008 and February 2009, Ali Sr. crossed off his wife's name and substituted his brother, Taylor, as "Personal Trustee" on the vault lease agreement. Respondent Ali Jr. was present and aware that this change had been made by his father.
33. According to the vault lease agreement at paragraph #7:

Appointment of an Agent – Personal Trustee.

Renter may elect to have an agent, (hereinafter referred to as a Personal Trustee (PT)) receive all notices and correspondence from PV (Private Vaults-Lessor). Renter must inform PT that PT may receive such correspondence from PV and should pass any information on to Renter. Should Renter not designate a PT, or if PT is designated, but has not been instructed, or forgets to deliver correspondence to Renter, Renter will find himself automatically locked out of vault (Note: see #8) on the termination date of his rental agreement.
34. Paragraph #8, referred to above, provided for the notice of the renewal of the lease to be sent to the Personal Trustee that was designated by the Renter.
35. During the relevant time period, Investor AF was a resident of the State of Illinois.
36. During 2008, Investor AF attended several educational seminars sponsored by Money Matters.
37. As a result of representations made during the Money Matters meetings, Investor AF arranged a meeting with Ali Sr. and, subsequently, he sold annuities to Investor AF.
38. In or about December 2008, Ali Sr. recommended the purchase of precious metals to Investor AF.
39. Investor AF, thereafter, withdrew \$23,252.96 from one of her annuities and transferred the same to Ali Sr. and Respondent Nevada Gold for the purchase of precious metals.

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40. These purchases consisted of:

- a. a ½ ounce American Eagle Gold Coin, three 2008 American Eagle Gold Proof 4-piece sets, and 35 one ounce American Eagle Silver Dollars, which were placed in a self-directed Individual Retirement Account (IRA) with Sterling Trust Company and stored at the Delaware Depository on her behalf; and
- b. a ten ounce fine gold bar PAMP Suisse, which, was stored in Ali Sr.'s personal vault at the 24/7 Vault Company.

41. The Nevada Gold Shipping and Account Agreement with Investor AF for said purchase provided, in relevant part, that:

**Volatility of Market.** The success of an investment in coins is dependent, in part, upon extrinsic economic forces including supply, demand, domestic and international monetary conditions, inflation and/or the expectation of inflation. The impact of these forces on the values of coins cannot be predicted with any certainty. Customer acknowledges that the coin and precious market can be volatile and that coin and precious metal prices may rise or fall over time and that past performance is no indication of future performance.

42. The Agreement also specifically stated, in part, that:

Customer assumes the risk of all investment decisions regarding all purchased items. ... There are no managed accounts, the Customer alone decides what items to buy and when to buy or sell. ..."

43. During the relevant time period, Investor MKM was a resident of Illinois.

44. Investor MKM attended Money Matters meetings, beginning in early 2004 and continuously through 2009.

THE SECRETARY OF STATE MAKES THE FOLLOWING ADDITIONAL FINDINGS OF FACT BASED ON THE EVIDENCE IN THE RECORD (¶45):

45. Investor MKM purchased annuities from Ali Sr. The first purchase occurred on or about February 5, 2004.

46. In or about December 2008, Ali Sr. recommended the purchase of precious metals to Investor MKM.

47. On or about December 24, 2008, Investor MKM placed an order with Ali Sr. for the purchase of precious metals in the amount of \$23,000.00.

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48. Of that amount, Ali Sr. directed that \$5,000.00 of said precious metals be maintained in a Simplified Employee Pension IRA held by Sterling Trust Company as Administrator and stored at the Delaware Depository, but the remaining \$18,000.00 in precious metals were placed in his personal vault at the 24/7 Vault Company.

THE SECRETARY OF STATE MAKES THE FOLLOWING ADDITIONAL FINDINGS OF FACT BASED ON THE EVIDENCE IN THE RECORD (¶49-54):

49. It is unknown what was bought with the \$18,000.00 retained by Ali Sr.
50. According to Respondent Blount's testimony, sometime in June 2009, after her husband's death, she called Taylor and asked him to remove his name from the vault lease agreement.
51. Respondent Blount testified that Taylor, subsequently, obtained a copy of his brother's death certificate and used it to gain access to Ali Sr.'s 24/7 personal vault.
52. Respondent Blount and Respondent Ali Jr. testified that between June and August of 2009, Taylor admitted to them in separate conversations that he had possession of the precious metals that had been stored in the vault.
53. Respondent Blount and Respondent Ali Jr., separately, sent letters to Taylor, dated August 5, 2009 and October 14, 2009, requesting the return of the precious metals either to them or directly to the investors.
54. Respondent Blount and Respondent Ali Jr. testified that Taylor did not return the precious metals and they lost contact with him.
55. The Nevada Gold clients whose precious metals were stored in the personal vault of Ali Sr. sustained a total loss of their investments.

THE SECRETARY OF STATE MAKES THE FOLLOWING ADDITIONAL FINDINGS OF FACT BASED ON THE EVIDENCE IN THE RECORD (¶56):

56. After the death of Ali Sr., Investor AF made numerous calls to Respondent Blount but was unable to reach her until, in or about, September 2009 when Investor AF requested her money back.
57. Respondent Blount agreed to purchase back the precious metals stored in Investor AF's name at the Delaware Depository and prepared the necessary paperwork.
58. Investor AF gave power of attorney to Respondent Ali Jr. in order for him to facilitate the buyback of the precious metals.

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59. As a result of the buyback, Investor AF received \$10,327.30 from Respondents Blount and Ali Jr.

THE SECRETARY OF STATE MAKES THE FOLLOWING ADDITIONAL FINDINGS OF FACT BASED ON THE EVIDENCE IN THE RECORD (¶60-61):

60. The \$10,327.30 received by Investor AF from the buyback of her precious metals, was exactly the same as the original purchase amount, without regard to any market value fluctuations.
61. In a letter on Nevada Gold letterhead dated October 9, 2009, Respondent Blount notified Investor AF that Investor AF's remaining investment in precious metals, namely a ten ounce fine gold bar PAMP Suisse, was in the possession of Taylor. Respondent Blount repeated the allegation in another letter written by her, in the name of Respondent Ali Jr., to Investor AF dated October 30, 2009.
62. Investor AF's attempts to reach Barry Taylor were unsuccessful.
63. Investor AF sustained a loss of \$12,925.66.

THE SECRETARY OF STATE MAKES THE FOLLOWING ADDITIONAL FINDINGS OF FACT BASED ON THE EVIDENCE IN THE RECORD (¶64):

64. In or about October 2009, Respondent Blount contacted Investor MKM and said that Investor MKM's precious metals, worth \$18,000, had been taken by Taylor.
65. Investor MKM sustained a loss of \$18,000.00.

THE SECRETARY OF STATE MAKES THE FOLLOWING ADDITIONAL FINDINGS OF FACT BASED ON THE EVIDENCE IN THE RECORD (¶66-71):

66. Investor MKM chose to keep her \$5,000.00 investment at the depository.
67. Respondents Ali Jr. and Blount testified that, prior to Ali Sr.'s death, in either April or May of 2009, Respondents Ali Jr. and Blount conducted an inventory of the vault and the vault contained approximately 20 pounds of precious metals, mostly gold and some silver. Some of the precious metals were identified as belonging to various clients, and some were either not identified as belonging to anyone or were identified as belonging to Ali Sr.
68. Based upon the estimated weight, the Hearing Officer estimates that the contents of the vault may have had a value of more than \$200,000.00.



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69. However, Respondents Ali Jr. and Blount did not submit evidence of sales or inventory records for the items in the vault. There was no proof that any precious metals were stored for clients in the vault or proof specifying how that part of the investors' funds were used.
70. According to the testimony, Ali Sr. and the Respondents, Money Matters and Nevada Gold, failed to keep the investors' precious metals safe.
71. Ali Sr. and the Respondents, Money Matters and Nevada Gold, failed to provide investors with all material information about their investments. The investors were not told:
- a. where their precious metals were stored or any of the attributes of that out-of-state storage;
  - b. the precious metals were stored in the personal name of Ali Sr., without any reference to them or his companies;
  - c. they needed insurance; or
  - d. who would have access to the storage.
72. No police report was filed by Respondent Blount or Respondent Ali Jr., although both were present in Las Vegas—unlike Investors AF and MKM. Consequently, the police did not investigate what happened to the precious metals from the vault.

### BASIS FOR THE CONCLUSIONS OF LAW

WHEREAS, pursuant to the evidence and testimony presented at the hearing and made part of the record and the Findings of Fact, the Secretary of State provides the following as the Basis for the Conclusions of Law.

1. The objective of the Act is to protect innocent persons who may be induced to invest their money in speculative enterprises over which they have little control, therefore the Act must be liberally construed to better protect the public from deceit and fraud in the sale of securities.<sup>1</sup>
2. The definition of a security, within the Act, includes an investment contract.

<sup>1</sup> *People v. Bartlett*, 294 Ill.App.3d 435, 439 (1998) (citing *Lucas v. Downtown Greenville Investors Ltd. Partnership*, 284 Ill.App.3d 37, 49 (1996); *Meihnsner v. Runyon*, 23 Ill.App.2d 446, 456 (1960)). See also *Foreman v. Holsman*, 10 Ill.2d 551, 553 (1957); *Jenkins v. Dearborn Sec. Corp.*, 42 Ill.App.3d 20, 23 (1976); *Norville v. Alton Bigtop Restaurant, Inc.*, 22 Ill.App.3d 273, 280 (1974).

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3. Prior to the Act, the term "investment contract" was common in many state "blue sky" laws and "was universally applied by state courts to a variety of situations where individuals were led to invest money in a common enterprise with the expectation that they would earn a profit solely through the efforts of the promoter or of some one [sic] other than themselves."
4. In an effort to further clarify, but not to limit, the meaning of the term, the United States Supreme Court defined an investment contract as an agreement, transaction, or scheme whereby a person invests money in a common enterprise and is led to expect profits solely from the efforts of others.<sup>1</sup>
5. The definition was intentionally phrased so that it was "capable of adaptation to meet the countless and variable schemes devised by those who seek the use of the money of others on the promise of profits."<sup>2</sup>
6. Therefore, the definition continues a long history in which novel, uncommon, and irregular devices, whatever they appeared to be, were deemed securities if, as a course of dealing, their character in commerce was that of a security.<sup>3</sup>
7. Throughout history, those devices have included the offer or sale of tangible property when coupled with other services, including silver and gold,<sup>4</sup> coin portfolios,<sup>5</sup> whiskey,<sup>6</sup>

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<sup>1</sup> *S.E.C. v. W.J. Howey Co.*, 328 U.S. 293, 298 (1946). *Accord S.E.C. v. Edwards*, 540 U.S. 389, 393-94 (2004). See also *U.S. v. Harr*, 338 F.2d 607, 609-10 (7<sup>th</sup> Cir. 1964); *S.E.C. v. Universal Service Association*, 106 F.2d 232, 237 (7<sup>th</sup> Cir. 1939).

<sup>2</sup> *Howey*, 328 U.S. at 298-99. *Accord Edwards*, 540 U.S. at 393-94.

<sup>3</sup> *Howey*, 328 U.S. at 299. *Accord Edwards*, 540 U.S. at 396; *Mitzner v. Cardet International, Inc.*, 358 F.Supp. 1262, 1265 (N.D. Ill. 1973); *Witter v. Buchanan*, 132 Ill.App.3d 273, 285 (1985).

<sup>4</sup> See *S.E.C. v. C. M. Joiner Leasing Corp.*, 320 U.S. 344, 351 (1943). *Accord, U.S. Housing Foundation, Inc. v. Forman*, 421 U.S. 837 (1975) (citing H.R.Rep. No. 85, 73d Cong., 1<sup>st</sup> Sess., 11 (1933)); *Glen-Arden Commodities, Inc. v. Costantino*, 493 F.2d 1027, 1034 (2d Cir. 1974); *S.E.C. v. Brigadoon Scotch Distributors, Ltd.*, 388 F. Supp. 1288, 1290 (S.D.N.Y. 1975); *Jenson v. Continental Financial Corp.*, 404 F.Supp. 792, 801-02 (D. Minn. 1975); *Mitzner* 358 F.Supp. at 1265; *Witter*, 132 Ill.App.3d at 285.

<sup>5</sup> *S.E.C. v. Western Pacific Gold and Silver Exchange Corp.*, No. Civil LV 74-188, Fed. Sec. L. Rep. P 95,064 (D. Nev. 1975); *McClellan v. Sundholm*, 89 Wash.2d 527 (1978).

<sup>6</sup> *Brigadoon*, 388 F. Supp. at 1288; *People v. First Meridian Planning Corp.*, 86 N.Y.2d 608 (1995).

<sup>7</sup> *S.E.C. v. Haffenden-Rimar Int'l, Inc.*, 496 F.2d 1192 (4<sup>th</sup> Cir. 1974); *Glen-Arden*, 493 F.2d at 1027.

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citrus groves,<sup>9</sup> chinchillas,<sup>10</sup> beavers,<sup>11</sup> fox pairs,<sup>12</sup> cattle breeding plans,<sup>13</sup> and cattle feeding programs.<sup>14</sup>

8. Illinois courts, not federal courts, guide how the definition of an investment contract should be applied under the Act because “[e]xcept in matters governed by the Federal Constitution or acts of Congress, the law to be applied in any case is the law of the state.”<sup>15</sup> “[T]he rules of decision established by judicial decisions of state courts are ‘laws’ as well as those prescribed by statute.”<sup>16</sup>
9. Under the Act and consistent with the United States Supreme Court definition, Illinois courts apply a test of three requirements to determine whether there is an investment contract.<sup>17</sup>
10. First, there must be an investment of money.<sup>18</sup>

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<sup>9</sup> *Howey*, 328 U.S. at 293.

<sup>10</sup> *Miller v. Central Chinchilla Group, Inc.*, 494 F.2d 414 (8<sup>th</sup> Cir. 1974).

<sup>11</sup> *Kemmerer v. Weaver*, 445 F.2d 76 (7<sup>th</sup> Cir. 1971); *Continental Marketing Corp. v. S.E.C.*, 387 F.2d 466 (10<sup>th</sup> Cir. 1967).

<sup>12</sup> *S.E.C. v. Payne*, 35 F.Supp. 873 (S.D.N.Y. 1940).

<sup>13</sup> *Ronnett v. American Breeding Herds, Inc.*, 124 Ill.App.3d 842 (1984).

<sup>14</sup> *Long v. Shultz Cattle Co., Inc.*, 881 F.2d 129 (5<sup>th</sup> Cir. 1989).

<sup>15</sup> *Erie R. Co. v. Tompkins*, 304 U.S. 64, 78 (1938).

<sup>16</sup> *West v. American Tel. & Tel. Co.*, 311 U.S. 223, 236 (1940) (citation omitted).

<sup>17</sup> See *Ronnett*, 124 Ill.App.3d at 847-51. *Accord Integrated Research Services, Inc. v. Illinois Secretary of State.*, 328 Ill.App.3d 67, 72-74 (2002). *Contra Goldberg v. 401 North Wabash Venture LLC*, 904 F.Supp.2d 820, 849-50 (N.D. Ill. 2012). Even though the court in *Goldberg* was applying state law, the court relied upon Seventh Circuit case law (applying federal law) and disregarded the state case law, *Ronnett* and *Integrated* (applying state law). The *Goldberg* court suggested that the state cases were not binding evidence of state law because they were not a good predictor of what the state’s highest court would do in a similar case. However, the *Goldberg* decision is not state law and the judicial decisions of the Illinois courts prevail. See *Sundance Homes, Inc. v. County of DuPage*, 195 Ill.2d 257, 276 (2001) (citations omitted) (Illinois courts are not bound by federal decisions insofar as their applicability is argued on issues relating solely to state law); *Bridgeview Health Care Center, Ltd. v. State Farm Fire & Cas. Co.*, 2014 IL 116389, ¶ 16, 10 N.E.3d 902, 906 (2014) (citation omitted) (a predictive judgment made by a district court as to how the supreme court of the state would decide is an “Erie guess”—not state law). Furthermore, the Illinois Supreme Court denied the Petition for Leave to Appeal the *Integrated* case, choosing not to disturb the appellate court decision. According to the United States Supreme Court, the law thus announced and applied is the law of the state. *West*, 311 U.S. at 237-38. “There are many rules of decision commonly accepted and acted upon by the bar and inferior courts which are nevertheless laws of the state although the highest court of the state has never passed upon them. In those circumstances a federal court is not free to reject the state rule merely because it has not received the sanction of the highest state court, even though it thinks the rule is unsound in principle or that another is preferable... This is the more so where, as in this case, the highest court has refused to review the lower court’s decision...” *Id.* at 236-37.

<sup>18</sup> *Ronnett*, 124 Ill.App.3d at 847. *Accord Integrated*, 904 F.Supp.2d at 72.

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11. Second, there must be a common enterprise, as evidenced by a relationship among investors ("horizontal" commonality) or a relationship between the promoter and an investor ("vertical" commonality).
12. Horizontal commonality exists "when there is a linkage [sic] between the fortunes of individual investors and other investors by reason of the entire venture's success or failure."
13. Vertical commonality exists "when the investor's fortunes are interwoven with and dependent upon the success of the promoter."<sup>19</sup>
14. Third, there must, also, be an expectation of profits solely from the efforts of the others, as evidenced by the investor's lack of control over the enterprise.<sup>20</sup>
15. The word "solely" is not interpreted in a literal sense because to do so would frustrate the remedial purposes of the securities laws.<sup>21</sup>
16. Therefore, essential managerial efforts which affect the failure or success of the enterprise are required to establish control over the enterprise.<sup>22</sup> Not merely the investor's ability to authorize a sale of the underlying investment when everything else is in the control of the promoter and the investor is acting upon the advice of the promoter.<sup>23</sup>
17. The investors, including AF and MKM, invested in precious metals at the urging of Ali Sr. and the Respondents, Money Matters and Nevada Gold. The investments were, in part, pooled together along with Ali Sr.'s investments in precious metals and stored in a private vault with the expectation that profits would be derived from the efforts of Ali Sr. and the Respondents, Money Matters and Nevada Gold.
18. Ali Sr. and the Respondents, Money Matters and Nevada Gold, determined and recommended all of the following:
  - a. which precious metals were bought with investor funds;
  - b. how much would go to a depository;
  - c. how much would remain in their possession and control; and

<sup>19</sup> *Ronnett*, 124 Ill.App.3d at 848. *Accord Integrated*, 904 F.Supp.2d at 72.

<sup>20</sup> *Ronnett*, 124 Ill.App.3d at 850 (citations omitted). *Accord Integrated*, 904 F.Supp.2d at 73.

<sup>21</sup> *Ronnett*, 124 Ill.App.3d at 850. *Accord Integrated*, 904 F.Supp.2d at 73.

<sup>22</sup> *Integrated*, 904 F.Supp.2d at 73, citing *S.E.C. v. Glenn W. Turner Enterprises, Inc.*, 474 F.2d 476, 482 (9<sup>th</sup> Cir. 1973).

<sup>23</sup> *Ronnett*, 124 Ill.App.3d at 851.

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- d. how the precious metals remaining in their possession and control would be stored.
19. Ali Sr. and the Respondents, Money Matters and Nevada Gold, exercised control over the investments stored in the private vault to the extent that the investors did not know where their investments were physically located and, when Respondents Blount and Ali Jr. did an inventory, Respondents Blount and Ali Jr. were unable to establish ownership for all of the precious metals.
20. Furthermore, the investors expected to be told by Ali Sr. and the Respondents, Money Matters and Nevada Gold, when to sell the precious metals to reap any profit to be had and expected Ali Sr. and the Respondents, Money Matters and Nevada Gold, to take care of the sales.
21. Investors AF and MKM signed where they were told to sign, but *all other responsibilities* were assumed by Ali Sr. and the Respondents, Money Matters and Nevada Gold.
22. Due to the ongoing services provided by, and the managerial control exercised by, Ali Sr. and the Respondents, Money Matters and Nevada Gold, the investors' fortunes depended upon the efforts and success of Ali Sr. and the Respondents, Money Matters and Nevada Gold, and did not merely depend upon market fluctuations.
23. The investors lost their investments due to the course of business and omissions of Ali Sr. and the Respondents, Money Matters and Nevada Gold. The investors' losses were through no fault of their own and wholly independent of market fluctuations.
24. Therefore, regardless of language in the Nevada Gold Shipping and Account Agreement, Ali Sr. and the Respondents, Money Matters and Nevada Gold, offered investment contracts to investors.
25. There was an investment of money. The investors' fortunes depended upon the success of Ali Sr. and the Respondents, Money Matters and Nevada Gold. And, the investors had no control over the enterprise.
26. The above-mentioned activity constitutes the offer or sale of securities, as those terms are defined pursuant to Section 2.1; 2.5, and 2.5a of the Act.
27. Section 12.F of the Act provides, *inter alia*, that it shall be a violation of the Act 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.
28. At all times relevant hereto, the Respondents, Money Matters and Nevada Gold, as a course of business, deceived the investors as to the provisions for the safety of the

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precious metals stored in the name of Ali Sr. and failed to fulfill their fiduciary duties. Due to their course of business, the investors were defrauded in connection with the sale or purchase of securities.

29. Section 12.G of the Illinois Act provides, *inter alia*, that it is a violation of the Illinois Act 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.
30. At all times relevant hereto, the Respondents, Money Matters and Nevada Gold, withheld material information about their activities from the investors.
31. By virtue of the foregoing, the Respondents, Money Matters and Nevada Gold, have violated Sections 12.F and G of the Illinois Act.
32. Section 11.E(2) of the Act provides, *inter alia*, that if the Secretary of State finds that any person has violated subsection C, D, E, F, G, H, I, J, or K of Section 12 of this Act, the Secretary of State may by written order temporarily or permanently prohibit the person from offering or selling any securities.
33. Section 11.E(4) of the Act provides, *inter alia*, that 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, may issue an order of public censure, and may charge as costs of investigation all reasonable expenses.
34. By virtue of the foregoing, the Respondents, Money Matters and Nevada Gold, are subject to a fine, costs of investigation, an order of censure, and an order which prohibits them from offering or selling any securities in this State.

### CONCLUSIONS OF LAW

Whereas the following proposed Conclusions of Law made by the Hearing Officer are adopted as the Conclusions of Law of the Secretary of State.

1. The Notice of Hearing included the information required under Section 1102 of the Rules.
2. The Hearing date of December 6, 2011 complied with Section 1102(b) of the Rules and Regulations in that Respondents were given a Notice of Hearing at least 45 days prior to the first date set for any hearing.

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3. Respondents Ali Jr., individually and as president of Money Matters, and Blount have submitted answers and have participated fully in these proceedings, constituting a general appearance and waiving any personal jurisdiction issues.
4. Respondent Nevada Gold failed to appear at the time and place set for hearing, in accordance with Section 130.1196 of the Rules and Regulations, waiving the right to present evidence, argue, object, or cross examine witnesses, or otherwise participate at the hearing.
5. The Secretary of State has personal jurisdiction over the Respondents under the Act and the Rules.

**REJECTED CONCLUSIONS OF LAW**

WHEREAS, the remaining proposed Conclusions of Law made by the Hearing Officer are hereby REJECTED. The following conclusions by the Hearing Officer are deemed erroneous by the Secretary of State.

1. The Secretary of State rejects the Hearing Officer's Conclusion that the sale of precious metals (gold and silver coins and bullion) would constitute a futures contract.
2. The Secretary of State rejects the Hearing Officer's Conclusion that there was no investment contract.
3. The Secretary of State rejects the Hearing Officer's Conclusion that the Secretary of State does not have jurisdiction over the subject matter hereof pursuant to the Act.

**ADDITIONAL CONCLUSIONS OF LAW**

WHEREAS, the Secretary of State makes the following additional Conclusions of Law based on the evidence and testimony presented at the hearing and made part of the record and the Findings of Fact.

1. The Secretary of State Securities Department has jurisdiction over the subject matter dealt with herein.
2. Respondent Nevada Gold Exchange, LLC failed to answer or otherwise appear at the time and place set for hearing, in accordance with Section 130.1196 of the Rules, therefore:
  - a. The allegations contained in the Notice of Hearing are deemed admitted;
  - b. Respondent Nevada Gold Exchange, LLC waived its right to a hearing; and
  - c. Respondent Nevada Gold Exchange, LLC is subject to an order of Default.

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3. The actions, statements, representations, and/or omissions of the Respondents, Money Matters for Women of Color, Inc. and Nevada Gold Exchange, LLC, made in connection with the offer or sale of securities to investors, worked or tended to work a fraud or deceit upon those investors and violated Section 12.F of the Act.
4. The actions, statements, representations, and/or omissions of the Respondents, Money Matters for Women of Color, Inc. and Nevada Gold Exchange, LLC, which were untrue or misleading as to material facts and were made to obtain precious metal investments violated Section 12.G of the Act.
5. By virtue of the foregoing, the Respondents, Money Matters for Women of Color, Inc. and Nevada Gold Exchange, LLC, are subject to a fine, an order of censure, and an order which prohibits them from offering or selling securities in the State of Illinois.
6. The entry of a final written Order that permanently prohibits the Respondents, Money Matters for Women of Color, Inc. and Nevada Gold Exchange, LLC, from offering or selling securities in the State of Illinois is proper in this Matter, given their conduct.

### RECOMMENDATIONS

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

1. The Notice of Hearing should be dismissed with prejudice against Respondent Nanette Blount.
2. The Notice of Hearing should be dismissed with prejudice against Respondent Abu Ali Jr.

### REJECTED RECOMMENDATIONS

WHEREAS, the Secretary of State REJECTS the following proposed Recommendations of the Hearing Officer. These Recommendations by the Hearing Officer are deemed by the Secretary of State to be unsupported by the Findings of Fact and Conclusions of Law.

1. The Notice of Hearing should be dismissed with prejudice against Respondent Nevada Gold Exchange, LLC.
2. The Notice of Hearing should be dismissed with prejudice against Respondent Money Matters for Women of Color, Inc.



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**NOW THEREFORE, IT IS HEREBY ORDERED THAT:**

1. The Notice of Hearing in this matter is **DISMISSED** with prejudice against the Respondents, Nanette Blount and Abu Ali, Jr.
2. The Respondents, Money Matters for Women of Color, Inc. and Nevada Gold Exchange, LLC, are permanently **PROHIBITED** from offering or selling securities in the State of Illinois.
3. The Respondents, Money Matters for Women of Color, Inc. and Nevada Gold Exchange, LLC, are **CENSURED**.

ENTERED: This 5<sup>th</sup> day of August, 2015



JESSE WHITE  
Secretary of State  
State of Illinois

**NOTICE:** Failure to comply with the terms of this Order shall be a violation of the Section 12.D of 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 the Order, shall be guilty of a Class 4 felony for each offense.

**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, Section 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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