

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

IN THE MATTER OF:)	
Garo Kholamian and)	
GK Development, Inc, their partners, officers and)	No. 1200274
directors, agents, employees, affiliates, successors and)	
assigns, members, and associated corporations,)	
partnerships, and companies.)	

CONSENT ORDER

WHEREAS, Respondents, Garo Kholamian and GK Development, Inc. on the 21st day of December 2015 executed a certain Stipulation to Enter Consent Order (the "Stipulation") which hereby is incorporated by reference herein.

WHEREAS, by means of the Stipulation, Respondents have admitted to the jurisdiction of the Secretary of State and service of the Notice of Hearing of the Secretary of State, Securities Department, in this proceeding (the "Notice") and Respondents consented to the entry of this Consent Order ("Consent Order").

WHEREAS, by means of the Stipulation, Respondents, Garo Kholamian and GK Development, Inc. acknowledged, without admitting or denying the truth thereof, that the following allegations contained in the Notice shall be, and are, adopted as the Secretary of State's Findings of Fact:

FINDINGS OF FACT

1. Respondent Garo Kholamian (at times "Kholomian") had, at all relevant times set forth herein, an address of 270 Leeds Drive, Barrington Hills, Illinois 60010.
2. Respondent GK Development, Inc. (at times "GK") had, at all relevant times set forth herein, an address of 257 East Main Street, Suite 100, Barrington, Illinois.
3. Between the year 2000 and 2015 Respondents created numerous companies to purchase, develop, rehabilitate, lease and resell commercial real estate for the purpose of generating profit.

Consent Order

-2-

4. Among other funds, these companies included: a) Grand Center Partners LLC, b) GDII Investments LLC, c) GK Preferred Income II (Ridgmar), hereinafter referred to as "Affected Entities".
5. Respondent GK was/is the decision making entity responsible for the operation (the "Manager") of each "affected entity" listed above in paragraph #4.
6. Respondent Kholamian, at all relevant times herein, was a Control person of GK and the Affected Entities.
7. Respondents' offered and sold to investors ("Investors") membership units ("Memberships") in the "affected entities" listed above.
8. Investors invested varying amounts of money and were promised shares of the profits of the "affected entities" in which they invested.
9. The activities described above in paragraphs 7-8 constitute the offer and sale of memberships and are therefore are 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] (the "Act").
10. Respondents' Affected Entities provided Investors with pre-investment disclosure documents which generally discussed various risks, but failed to disclose sufficient information that would allow potential investors to assess the risk.
11. Regarding the performance of previous offerings, Respondents failed to make meaningful disclosure of similar investment ventures, initiated and managed by Respondents. For example, Respondents disclosed some prior programs were not current in distributions to preferred membership units, but failed to disclose the amount of accumulated deficits or the length of time that the program failed to make distributions.
12. 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.
13. Respondents' activities set forth above constitute a violation of Section 12.A of the Act.

NOW THEREFORE IT IS HEREBY ORDERED THAT: pursuant to the authority granted by Section 11.E of the Act:

1. An Order of Censure is hereby issued by the Secretary of State of Illinois against Respondents Garo Kholamian and GK Development, Inc. for violation of the Securities Laws of the State of Illinois.

Consent Order

-3-

2. Respondents shall comply with all applicable State and Federal laws, and the rules of securities self-regulatory organizations.
3. In connection with the offering or selling of membership or investment units in any venture that will be investing primarily in real estate, GKD and Kholamian shall enhance the disclosures in its prospectuses to prospective members/investors as follows:
 - a. GKD and Kholamian shall provide a more detailed narrative summary (the "Narrative") describing their experience in raising and investing funds in Real Estate Programs which have closed within the prior ten years, including (a) the names of the Prior Real Estate Programs; (b) the dollar amount offered; (b) the dollar amount raised; (c) the total number of investors; (d) the amounts paid to sponsors from the proceeds of the offering; and (e) cash distributions to investors.
 - b. In addition, the Narrative will include a discussion of major adverse business developments or conditions experienced by Real Estate Programs which have closed within the prior ten years that would be material to investors in the current investment offering, including disclosure of any failure by Real Estate Programs to pay the minimum preferred returns to investors for any period of time.
4. All fees payable to a related party relating to:
 - a. the procuring or guaranteeing of financing, or
 - b. payable in the ordinary operation of business, or
 - c. payable as part of a redevelopment plan specifically described in the offering documentsshall be approved by a majority vote of investors in the funds/entities who will be required to pay said fees unless said fees are specifically disclosed in the offering documents.
5. Other than as set forth in paragraph 4 above, GKD, prior to entering any related-party transaction valued at greater than **One Hundred and Twenty Thousand Dollars (\$120,000.00)**, GKD will obtain the approval of the majority of the uninterested shareholders and/or members. If there are multiple classes of shareholders and/or members, the transaction must be approved by the majority of each class.

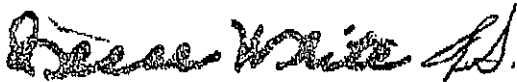
Consent Order

-4-

6. Other than as set forth in paragraph 4 above, Kholamian, and any entity in which Kholamian is a Controlling Person, prior to entering any related-party transaction valued at greater than **One Hundred and Twenty Thousand Dollars** (\$120,000.00), will obtain the approval of the majority of the uninterested shareholders and/or members. If there are multiple classes of shareholders and/or members, the transaction must be approved by the majority of each class.
7. Furthermore Respondent Garo Kholamian individually shall pay a fine to the Illinois Secretary of State, Securities Department in the amount of \$40,000.

THIS CONSENT ORDER IS NOT INTENDED TO TRIGGER OR OTHERWISE RESULT IN A DISQUALIFICATION FROM THE USAGE OF REGULATION A OR REGULATION D PROMULGATED PURSUANT TO THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED, UNDER EITHER RULE 262(a) OF REGULATION A OR RULE 506(d)(1) OF THE ACT.

Dated: This 23rd day of December, 2015.



JESSE WHITE
Secretary of State
State of Illinois

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