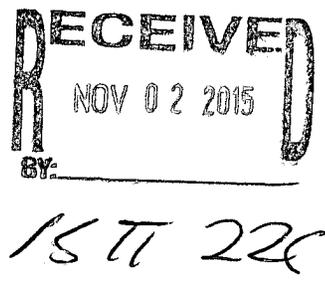


IN THE ILLINOIS INDEPENDENT TAX TRIBUNAL

NAJI A. ALQUHAITI,)
)
 Petitioner,)
)
)
 v.)
)
 ILLINOIS DEPARTMENT OF REVENUE,)
)
 Defendant.)

No.



PETITION

Petitioner, Naji A. Alquhaiti (“Petitioner”), by and through his attorneys, Dale & Gensburg, P.C., for his Petition before the Illinois Independent Tax Tribunal (the “Tribunal”) hereby complains of the Defendant, the Illinois Department of Revenue (the “Department”), and alleges as follows:

PARTIES

1. Petitioner is an individual located at 3848 Broadway in Rockford, Illinois, and can be reached at 815-229-1146.
2. Petitioner is represented by attorneys Lane M. Gensburg and Anne J. Kim of Dale & Gensburg, P.C., located at 200 West Adams Street, Suite 2425, Chicago, Illinois 60606. Lane M. Gensburg can be reached at 312-263-2200 or lgensburg@dandgpc.com. Anne J. Kim can be reached at 312-263-2200 or akim@dandgpc.com.
3. The Department is an agency of the Executive Department of the State Government and is tasked with the enforcement and administration of Illinois tax laws. See 20 ILCS 5/5-15.

NOTICES

Personal Penalty Liability/Retailers Occupation/Use Tax

4. On March 14, 2012, the Department issued a Notice of Penalty Liability (the “NPL”) to Petitioner asserting a personal penalty liability of \$185,212.15 in connection with the Retailers Occupation Tax/Use Tax (“ROT”) liability of Rural Smoke Shop, Inc. d/b/a Rural Tobacco Shop (EIN 20-2570409) (“Rural Tobacco”). The total liability consists of \$81,704 in tax due, \$92,237 in penalties, and \$12,015.15 in interest, with payments and credits of \$744. A copy of the NPL is attached hereto as **Exhibit A**. The Department’s Office of Administrative Hearings granted Petitioner a late discretionary hearing in connection with the NPL on September 10, 2015. A copy of the Department’s letter granting the late discretionary hearing is attached hereto as **Exhibit B**.

JURISDICTION

5. Petitioner brings this action pursuant to the Illinois Independent Tax Tribunal Act (the “Tribunal Act”), 35 ILCS 1010/1-1 *et seq.*

6. The Tribunal has jurisdiction over this matter pursuant to Sections 1-45 and 1-50 of the Tribunal Act because Petitioner timely filed this petition within 60 days of the issuance of the Department’s grant of a late discretionary hearing in connection with the NPL.

BACKGROUND

7. Rural Tobacco was an Illinois corporation and retailer located at 1710 Rural Street in Rockford, Illinois which on information and belief was at all times owned by a man named Ali Hussen Almaosmi. Petitioner had worked as an employee of Rural Tobacco in 2006 and 2007, but was never at any time an owner, officer or otherwise a person responsible for the taxes or operations of Rural Tobacco. Petitioner was unaware of any of the Department’s

original ROT audit proceedings related to Rural Tobacco and has no knowledge of the basis for the ROT liability upon which the NPL herein was issued.

8. Petitioner believes he had been erroneously listed as a shareholder on Rural Tobacco's 2009 REG-1 business registration filed with the Department, which on information and belief is why the Department believed him to be a responsible officer of Rural Tobacco and serves as the Department's only basis for the NPL at issue herein.

COUNT I

Petitioner is Not Personally Liable for the ROT Liability of Rural Tobacco

9. Petitioner realleges and incorporates by reference the allegations made in paragraphs 1 through 8 above as and for this paragraph 9.

10. Section 3-7 of the Illinois Uniform Penalty and Interest Act provides:

“Any officer or employee of any taxpayer subject to the provisions of a tax Act administered by the Department who has the control, supervision or responsibility of filing returns and making payment of the amount of any trust tax imposed in accordance with that Act and who willfully fails to file the return or make the payment to the Department or willfully attempts in any other manner to evade or defeat the tax shall be personally liable for a penalty equal to the total amount of tax unpaid by the taxpayer including interest and penalties thereon.”
See 35 ILCS 735/3-7(a).

11. As stated above, Petitioner never had any control, supervision, or responsibility to file tax returns or collect and remit tax payments on behalf of Rural Tobacco. Petitioner therefore is not a responsible person of Rural Tobacco and did not act willfully in connection with any of Rural Tobacco's tax liabilities.

12. To the best of Petitioner's knowledge, Ali Hussen Almaosmi (“Ali”) was at all times the sole owner and responsible officer of Rural Tobacco. In support of same, a copy of the

lease agreement for Rural Tobacco's store rental at 1710 Rural Street in Rockford, Illinois executed by Ali is attached hereto as **Exhibit C**. A copy of Rural Tobacco's 2009 corporate annual report which identifies Ali as Rural Tobacco's President and identifies no other owners or officers is attached hereto as **Exhibit D**. A copy of a Department Statute of Limitations Waiver in connection with an audit of Rural Tobacco and signed by Ali on April 26, 2011 as the "owner" thereof is attached hereto as **Exhibit E**.

13. WHEREFORE, Petitioner prays that the Tribunal:

(a) Enters judgment in favor of Petitioner and against the Department and cancels the NPL;

(b) Enjoins the Department from taking any action to assess, lien, levy, offset, or in any other way prosecute and collect the amount due stated in the NPL;

(c) Orders the Department to refund the amounts Petitioner has erroneously paid in connection with Rural Tobacco's ROT liability, or alternatively credit Petitioner for same; and

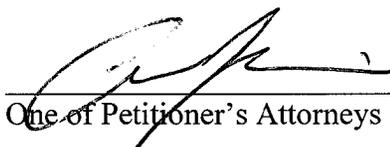
(d) Grants Petitioner such other and further relief as the Tribunal deems appropriate under the circumstances.

Respectfully submitted,

NAJI A. ALQUHAITI,
Petitioner

Lane M. Gensburg
lgensburg@dandgpc.com
Anne J. Kim
akim@dandgpc.com
Dale & Gensburg, P.C.
200 West Adams Street, Suite 2425
Chicago, Illinois 60606
T – 312-263-2200
F – 312-263-2242

By:



One of Petitioner's Attorneys

IN THE ILLINOIS INDEPENDENT TAX TRIBUNAL

| | | |
|---------------------------------|---|-----|
| NAJI A. ALQUHAITI, |) | |
| |) | |
| Petitioner, |) | |
| |) | |
| |) | No. |
| v. |) | |
| |) | |
| |) | |
| ILLINOIS DEPARTMENT OF REVENUE, |) | |
| |) | |
| Defendant. |) | |

CERTIFICATE OF SERVICE

TO: Illinois Department of Revenue
Office of Legal Services
100 W. Randolph Street, 7-900
Chicago, IL 60601

I, Anne J. Kim, an attorney, certify that I caused a copy of the attached Petition before the Illinois Independent Tax Tribunal to be served upon the Illinois Department of Revenue at the address set forth above, by hand delivery before the hour of 5 p.m. on Monday, November 2, 2015.



Anne J. Kim

Lane M. Gensburg
lgensburg@dandgpc.com
Anne J. Kim
akim@dandgpc.com
Dale & Gensburg, P.C.
200 West Adams Street, Suite 2425
Chicago, Illinois 60606
T – 312-263-2200
F – 312-263-2242

P:\Clients\Broadway Discount Store, Inc\Tax Tribunal Petition Naji Alquhaiti re Rural Tobacco (v2).doc

Collection Action
Assessment and Notice of Intent



#BWNKMGV
#CNXX XX99 2368 9285#
NAJI A. ALQUHAITI
2342 FOREST VIEW RD
ROCKFORD IL 61108-7923



March 14, 2012



Letter ID: CNXXXX9923689285

Taxpayer ID: XXX-XX-7573
NPL Penalty ID: 100049



RURAL TOBACCO SHOP
6200 DAYTONA DR
LOVES PARK, IL 61111-8629

You now owe a personal liability penalty.

By March 28, 2012, pay us \$185,212.15, which is unpaid liability of RURAL TOBACCO SHOP. We have determined that you are personally liable for this amount due to your status as a responsible officer, partner, or individual of RURAL TOBACCO SHOP.

The enclosed statement details the items you owe.

This law (35 ILCS 735/3-7) provides that any person who has control, supervision, or responsibility of filing returns or making payments for a taxpayer, and who willfully fails to do so, shall be personally liable for a penalty equal to the amount of tax due including penalty and interest.

If we do not receive this payment, we intend to take collection action against you personally to collect this debt. Collection action can include the seizure and sale of your assets and levy of your wages and bank accounts.

Your payment must be guaranteed (*i.e.*, cashier's check, money order) and made payable to the Illinois Department of Revenue. Send or bring it to us at the address below.

DEBBIE
100% PENALTY UNIT
ILLINOIS DEPARTMENT OF REVENUE
PO BOX 19035
SPRINGFIELD IL 62794-9035

217 782-9904 ext. 31607
217 785-2635 fax

For information about
> payments
> bankruptcy
> collection actions



To avoid this collection action

Pay

You must pay using one of the following two methods.

- 1) Pay by guaranteed remittance (i.e., cashier's check, money order) made payable to the Illinois Department of Revenue.
- 2) Pay using the "check by phone" method by calling us at **217-782-9904 ext. 31607**. You will need your check number, account number, and bank routing number, and we will prepare a check to submit to your financial institution. Note: If you pay using "check by phone", we may apply your payment to your liability that day, which will reduce the amount of daily interest that accrues.

Federal Bankruptcy Court

If you are currently under the protection of the Federal Bankruptcy Court, contact us and provide the bankruptcy number and the bankruptcy court. The bankruptcy "automatic stay" does not relieve your obligations to file tax returns.

Correct our records

If our records are not correct, send us proof of your prior payment, a copy of the return you filed, or other documentations so that we can correct our records.

Collection action information

Applicable Illinois law

Illinois law (35 ILCS 735/3-7 of the Retailers' Occupation Tax Act) provides that any person who has control, supervision, or responsibility of filing returns or making payments for a taxpayer, and who willfully fails to do so, shall be personally liable for a penalty. The penalty is equal to the amount of tax due including penalty and interest.

More information is on our website at tax.illinois.gov.

What other collection actions may we take?

- Additional collection action includes, but is not limited to:
 - levy of wages and bank accounts.
 - withholding of your state payments, tax refunds, lottery winnings, contractual service vouchers, etc.
 - seizure and sale of your assets.
 - referral to a collection agency.
 - civil judgments.
 - referral for non-renewal or revocation of your
 - Professional license,
 - Certificate of Registration,
 - Liquor license,
 - Corporate Charter with the Secretary of State, or
 - Lottery license.
 - prosecution for bad checks and deceptive practice.
 - filing a tax lien against your property (the filing of a lien may damage your credit rating for up to seven years, even after the lien is released). If we file a lien against your property, you are responsible for paying the lien filing and release fees and charges.

Collection Action
Assessment and Notice of Intent



#BWNKMGV
#CNXX-XX99 2368 9285#
NAJI A. ALQUHAITI
2342 FOREST VIEW RD
ROCKFORD IL 61108-7923

March 14, 2012



Letter ID: CNXXXX9923689285

Taxpayer ID: XXX-XX-7573
NPL Penalty ID: 100049



This statement lists our most recent information about your unpaid balance, available credits, or returns you have not filed.

Sales/Use Tax & E911 Surcharge

Account ID: 3609-9155

| Period | Tax | Penalty | Interest | Other | Payments/Credits | Balance |
|-----------------------|-----------|-----------|-----------|-------|------------------|-------------------|
| 30-Jun-2009 | 50,538.00 | 70,299.00 | 10,455.04 | 0.00 | (590.00) | 130,702.04 |
| 30-Apr-2010 | 31,166.00 | 21,938.00 | 1,560.11 | 0.00 | (154.00) | 54,510.11 |
| Total Balance: | | | | | | 185,212.15 |



RECEIVED
SEP 15 2015
DALE & GENSBURG, P.C.

Illinois Department of Revenue
OFFICE OF ADMINISTRATIVE HEARINGS
Willard Ice Building
101 West Jefferson Street – Level 5SW
Springfield, IL 62702
(217)782-6995

September 10, 2015



Lane M. Gensburg
Dale & Gensburg PC
200 W. Adams Street, Suite 2425
Chicago, IL 60606

Re: **Late Discretionary Hearing Granted – Tribunal Jurisdiction**
Naji A. Alquhaiti
Collection Action Assessment and Notice of Intent dated January 10, 2012
NPL Penalty ID: 100049
Letter ID: L1384748288

Dear Mr. Gensburg:

The Office of Administrative Hearings of the Illinois Department of Revenue received your request for a late discretionary hearing for Naji A. Alquhaiti regarding the above Notice. Based on the information provided in your request, I believe that it is appropriate to grant your request for a late discretionary hearing for Naji A. Alquhaiti regarding the above Notices.

The amount of liability at issue for this protest exceeds the statutory amount (\$15,000, exclusive of penalties and interest or \$15,000 for notices that involve only penalties and interest) for which the Department has jurisdiction for late discretionary hearings that are granted on or after January 1, 2014. For late discretionary hearings that are granted on or after January 1, 2014 and that exceed the statutory amount, jurisdiction is vested solely in the Illinois Independent Tax Tribunal (Tax Tribunal). See 35 ILCS 1010/1-1 *et seq.*

The Tax Tribunal's website (www.illinois.gov/taxtribunal) contains rules that include guidance on filing requirements and contact information for the Tax Tribunal. **The Tax Tribunal's rules provide that, when a late discretionary hearing is granted and the protest meets the statutory amount, the taxpayer shall file a petition with the**

Tax Tribunal within 60 days and shall attach a copy of the letter granting the late discretionary hearing. See Subsection (a)(5) of Section 5000.310 of the Tax Tribunal's rules. Please note that the Tax Tribunal has different requirements than the Department for filing protests, including the payment of filing fees and the filing of a petition in the form required by the Tax Tribunal.

I recommend that you review the information provided on the Tax Tribunal's website and contact them if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Terry Charlton". The signature is written in a cursive style with a large initial "T".

Terry D. Charlton
Chief Administrative Law Judge

TDC



LEASE AGREEMENT

THIS LEASE AGREEMENT (hereafter "Lease" Is made this 25th day of September 2004, and is entered into by and between:

RURAL GUILFORD, CO.,
 hereinafter referred to as... "Landlord,"
 -and-
 ALIHUSSEIN ALMAOSMI
 hereinafter referred to as... "Tenant."

ARTICLE 1 GRANT AND TERM

1.01. **GRANT OF THE LEASED PREMISES.** Landlord, in consideration of the rent to be paid and the covenants to be performed by Tenant, does hereby demise and lease unto Tenant, and Tenant does hereby rent from Landlord, those certain premises (hereinafter referred to as "leased premises") commonly known as 1710 Rural Street, in the City of Rockford, Illinois, and consisting of a space of approximately 1,000 square feet in a building situated in a shopping center development known as Rural Guilford Plaza (hereafter "Shopping Center"), the leased premises being outlined in red on the sketch of the Shopping Center attached to this Lease as Exhibit "A", and incorporated herein by reference. Landlord reserves unto itself, however, the use of the roof, exterior walls and the area above and below the leased premises together with the right to install, maintain, use, repair and replace all pipes, ducts, conduits, wires and any structural elements leading through the leased premises and serving either the leased premises or other parts of the Shopping Center.

1.02. COMMENCEMENT AND ENDING OF THE LEASE TERM..

The term of this Lease shall commence upon the earlier of the following (hereinafter referred to as "commencement date") (a) the date on which the Tenant shall commence its business in said leased premises, or (b) thirty (30) days after the date upon which the Landlord turns over the leased premises to Tenant whichever occurs first This Lease shall end, unless sooner terminated as herein provided, twelve (12) months from the commencement date of this Lease.

1.03. **OPTION PERIOD.** Tenant is hereby granted the option to extend the terms of this lease for a period of twelve (12) months under the terms and conditions set forth in this Lease. The option granted above shall be exercised, if at all, by Tenant giving Landlord notice of the exercise of said Lease no later than 180 days or to the expiration of the lease terms stated in 1.02 above. The base rent to be paid by the Tenant to the Landlord during the option period is as follows: \$5.88 per square foot, \$490.00 monthly, \$5,880.00 annually. This one year period starts from 1st of April 2005 and ends on 31st of March 2006. After one year, then follows a 3-year option with the base rent as follows:

From 04/01/2006 to 03/31/2008 \$550.00 a month or \$6,600.00 annually.

From 04/01/2008 to 03/31/2009 \$600.00 a month or \$7,200.00 annually.

Tenant may exercise the option granted herein only if Tenant has not defaulted in the performance of the covenants, duties and obligations under this Lease.

1.04. **LANDLORD'S ACCESS.** Landlord or Landlord's agent shall have the right to enter the leased premises at reasonable times during business hours, after reasonable

notice to examine the same, and to show them to prospective purchasers or mortgagees of the building and/or Shopping Center.

ARTICLE 2
RENT AND TAXES

2.01. RENT. The rent to be paid by the Tenant to the Landlord during the term hereof shall be as follows: \$5.88 per square foot, five hundred and fifty dollars (\$490.00) monthly. The above rent shall be payable by the Tenant to the Landlord, in equal monthly installments, due and payable in advance, on or before the first day of each month and payable to Landlord,

Rural Guilford Company
PO BOX 7354
Rockford, IL 6126-7354

or payable to such other person or such other place as the Landlord may designate from time to time in writing to Tenant, and said rent shall be payable to Landlord without prior demand therefore and any rights of Tenant to deductions or setoff. The rent for any partial month shall be prorated upon a daily basis.

2.02. TENANT'S TAX OBLIGATION. In addition to the rent and other charges to be paid by the Tenant as specified herein, Tenant agrees to pay to Landlord its pro rata share of the general real property taxes and assessments levied or assessed for the Shopping Center by any lawful authority during the term hereof Landlord agrees to pay all general real estate taxes and assessments levied against the Shopping Center when due. Tenant's pro rata share of such taxes and assessments shall be an amount equal to the total cost of such taxes and assessments multiplied by a fraction, the numerator of which shall be the square footage of the floor area of Tenant's leased premises, and the denominator of which shall be the square foot floor area of all leaseable space in the Shopping Center.

Tenant's obligation shall be to pay, Tenant's pro rata share of the general real property taxes for the year 2005, payable by the Landlord in 2006 (pro-rated for any partial calendar year during which this lease is in effect) and to pay for each year thereafter Tenant's pro rata share of the taxes assessed for each year (or partial year) of the lease term. It is the intention that Tenant shall pay its share of taxes and assessments for twelve (12) full months during the term of this Lease.

Tenant shall pay to Landlord an amount each month (payable at the time and place designated for rent payments) equal to 1/12th of Tenant's estimated share of the annual taxes being assessed for the year. When the tax bill for the annual taxes is received during the following year, the difference between what Tenant had paid as estimated payments each month during the prior year, and the amount of taxes paid by Landlord shall be ascertained, and Tenant shall promptly pay any underpayment and Landlord shall promptly reimburse Tenant for any overpayment. In addition, Tenant shall be responsible for and shall pay before delinquency all municipal, county, state and federal taxes assessed during the term of this Lease against any leasehold interest or personal property of any kind, owned by or placed in, upon or about the leased premises by the Tenant.

ARTICLE 3
SECURITY DEPOSIT

Concurrently with Tenant's execution of this Lease, Tenant shall deposit \$980.00 (the sum of two month's base rents). Said sum shall be held by the Landlord as security for the faithful performance by Tenant of all the terms, covenants and conditions of this Lease to be kept and performed by Tenant during the Lease Term. If Tenant defaults with respect to any provision of this Lease, Landlord may (but shall not be required to) use, apply or retain all or part of the Security Deposit for the payment of any rent or any other sum in default. Landlord shall not be required to keep the Security Deposit separate from its general funds, and Tenant shall not be entitled to interest on such Deposit.

ARTICLE 4

LANDLORD'S AND TENANT'S WORK, SIGNS, CHANGES AND ADDITIONS, AND LIENS OR ENCUMBRANCES

4.01. LANDLORD'S WORK. "As Is"

4.02. TENANT'S WORK. It shall be the responsibility of Tenant to undertake any and all improvements to the leased premises which will be required by Tenant to occupy such leased premises and to operate Tenant's business therein. Tenant agrees to furnish and have approved by Landlord, in advance, in writing, the plans and specifications with respect to the improvements to the lease premises to be completed by Tenant. Approval of the plans and specifications by Landlord shall not constitute the assumption of any responsibility of Landlord for their accuracy or sufficiency, and Tenant shall be solely responsible for such items.

4.03. SIGNS. Tenant shall have the right to place signs upon the exterior of Tenant's leased premises to identify Tenant's business name, however, such signs shall be of a size, shape, color, and design approved by Landlord and shall be in keeping with any sign criteria established by Landlord for the Shopping Center. All signs must meet municipal sign ordinance requirements.

4.04. CHANGES AND ADDITIONS. Landlord reserves the right at any time, and from time to time, to construct other buildings and improvements in the Shopping Center, to enlarge the Shopping Center, and to make alterations therein or additions thereto, and to build additional stories on any building or buildings within the Shopping Center, and to build adjoining thereto and to construct decks or elevated parking facilities, and to sell any part of the land comprising the Shopping Center, however, in doing so, Landlord shall not unreasonably interfere with any rights granted to Tenant herein, including rights to parking areas.

4.05. LEENS OR ENCUMBRANCES. Tenant covenants and agrees not to permit any lien of mechanics or materialmen to remain unpaid and unreleased for a period to exceed ten (10) days against the leased premises or the property upon which the leased premises is located; except that if the Tenant is contesting or resisting the claims or liens of the mechanics or materialmen, Tenant agrees to deposit with Landlord either a cash sum equal to the amount of the claim or lien, a bond for the payment of said claim or lien by an insurance company approved by Landlord, or a title insurance policy guaranteeing to hold Landlord harmless, and indemnifying Landlord against loss or liability, resulting from such claim or lien. Tenant agrees to indemnify and save Landlord and the premises and the building of which the leased premises are a part harmless from all such liens or claims of liens and all attorney's fees and other costs and expenses incurred by Landlord by reason thereof.

ARTICLE 5

USE OF PREMISES

Tenant shall use the leased premises for the purpose of the following:

Tobacco retailer

Tenant shall not use or permit, the use of the leased premises for any other business or purpose without the Landlords advance approval, which approval shall not be unreasonably withheld.

ARTICLE 6

COMMON AREAS AND PARKING LOT, COMMON AREA EXPENSE, AND TENANT'S LICENSE

6.0 1. COMMON AREAS AND PARKING LOTS. Landlord agrees to maintain the Shopping Center parking areas and common areas of the Shopping Center. Landlord reserves the right, from time to time, to change the appearance and layout of the common areas and of the parking areas.

All common areas in the Shopping Center, including automobile parking areas, driveways, entrances and exits, and other facilities furnished by Landlord in or near the Shopping Center, including the truck way or ways, loading docks, package pickup stations, pedestrian sidewalks and ramps, landscaped areas, comfort stations, and other areas and improvements provided by Landlord for the general use, in common, of tenants, their officers, agents, employees, and customers, shall at all times be subject to the exclusive management of Landlord- and Landlord shall have the right from time to time to establish, modify, and enforce reasonable rules and regulations with respect to all such facilities, so long as such rules and regulation do not unreasonably interfere with Tenant's rights as specifically designated herein.

6.02. CONWON AREA EXPENSE. Tenant shall pay to Landlord, in addition to the rentals and other charges specified in this Lease, as further additional rent, and as Tenant's share of the Shopping Center common area expenses, Tenant's pro rata share of all direct costs and expenses, Tenant's pro rata share of all direct costs and expenses of every kind and nature paid or incurred by Landlord in operating, policing, insuring, protecting, lighting, repairing, and maintaining the common areas of the Shopping Center. Such costs and expenses shall include, but shall not be limited to, parking lot lighting, repair, replacement and striping; general cleaning; common area trash removal; fire protection; security protection- snow and ice removal-, costs and expenses of planting, replanting, and replacing flowers and landscaping; water and sewer charges; premiums for liability, property damage, fire and extended coverage, and workmen's compensation insurance; wages, unemployment taxes, and social security taxes of employees; personal property taxes; fees for required licenses and permits; supplies; operation of loud speakers and any other equipment supplying music to the common areas; roof repair and replacement; reasonable depreciation of equipment used in the operation, repair and maintenance of the common areas; reasonable management fees, and all other direct costs and expenses involved in managing, policing, cleaning, repairing, replacing, and maintaining the common areas, parking areas, roads, sidewalks, landscaping, and lighting facilities of the Shopping Center. For this purpose, the pro rata share to be paid by Tenant for such common area expenses shall be an amount equal to the total cost of such expenses multiplied by a fraction, the numerator of which shall be the square footage of the floor area of the leased premises, and the denominator of which shall be the square foot floor area of leaseable space in the Shopping Center.

Tenant shall pay to Landlord an amount each month (payable at the time and place designated for rent payments) equal to 1/12th of Tenant's estimated share of the annual common area expenses. When the actual common area expenses are known for the year, Tenant shall promptly pay any underpayment and Landlord shall promptly reimburse Tenant for any overpayment.

6.03. LICENSE TO TENANTS. Tenant shall have a license for the benefit of Tenant, Tenant's employees, and business invitees to use the common areas of the Shopping Center in conjunction with the Landlord, the other tenants, the other tenants' employees, and the other tenant's business invitees.

ARTICLE 7
TENANT'S MAINTENANCE, SURRENDER UPON
TERMINATION OF LEASE, UTILITY CHARGES, AND ALTERATIONS TO LEASED
PREMISES

7.01. TENANT MAINTENANCE. Tenant shall, at Tenant's cost and expense, keep the leased premises (including exterior entrances and plate glass windows) and all partitions, doors, fixtures, equipment and appurtenances thereof (including lighting and HVAC equipment) in good order (HVAC will be guaranteed for one year), condition and repair including all cleaning services and internal decorating. Tenant shall be responsible, at Tenant's expense, for rubbish removal.

If Tenant causes any hazardous or toxic material or substance to be spilled or placed at any time in, under or about the Leased Premises and/or the Shopping Center in quantities which either (a) exceed permissible levels as defined by any applicable governmental rule, order, statute, regulation or other governmental requirement, as then in effect, or (b) pose a threat to the health and/or safety of any employee, customer and/or invitee of either Landlord or Tenant, Tenant shall at Tenant's expense, properly remove and dispose of or otherwise remedy, as the case may require, the same. If more than one such governmental requirement shall apply, Tenant shall comply with the most stringent of such requirements. Tenant hereby saves and holds Landlord harmless and agrees to indemnify Landlord from and against any liability, obligation, damages or costs, including attorneys' fees, resulting directly or indirectly from the presence, removal or disposal of any such hazardous or toxic material or substance introduced into the Leased Premises or Shopping Center by Tenant, or by Tenant's employees, customers, guests or invitees.

If Tenant refuses or neglects to maintain and/or repair the leased premises as required hereunder and to the reasonable satisfaction of Landlord, Landlord may make such repairs without liability to Tenant for any loss or damage that may accrue to Tenant's equipment, fixtures, or other property, or to Tenant's business by reason thereof, and upon completion thereof, Tenant shall pay Landlord's costs and expenses for making such repairs.

7.02. SURRENDER UPON EXPIRATION OF LEASE. At the expiration of the tenancy hereby created, Tenant shall promptly surrender the leased premises in the same condition as the leased premises were in upon delivery of possession thereto under this Lease, reasonable wear and tear excepted, and damage by insured casualty excepted. Upon Landlord's request, Tenant shall remove all its trade fixtures, and any alterations or improvements before surrendering the premises as aforesaid and shall repair any damage to the leased premises caused thereby.

7.03. UTILITY CHARGES. Tenant shall be solely responsible for, and promptly pay when due, all charges for public utilities, including, but not limited to, gas (including gas to

furnish heat for the leased premises), electricity, sewer, water, heat, telephone and any other utility used upon, or furnished to, the leased premises. Landlord shall furnish Tenant with separate meters for electricity, gas, and water.

7.04. ALTERATIONS TO LEASED PREMISES. Tenant shall not make or cause to be made any alterations, additions or improvements to the leased premises, or install or cause to be installed any exterior signs, or exterior lighting, plumbing fixtures, canopies or awnings or make any changes to the exterior, mechanical, electrical or sprinkler systems without the prior written approval of Landlord. Tenant shall present to the Landlord plans and specifications for such work at the time approval is sought.

ARTICLE 8

TENANT INSURANCE, INDEMNITY AND SUBROGATION

8.01. TENANT LIABILITY INSURANCE. Tenant shall, during the entire term hereof, keep in full force and effect a policy of public liability and property damage insurance with respect to the leased premises and the business operated by Tenant in which the limits of public liability shall be not less than \$1,000,000 per incident and in which the property damage liability shall be not less than \$1,000,000. The policy shall name Landlord and its mortgagee as additional insureds, and shall contain a clause that the insurer will not cancel or change the insurance without first giving the Landlord and Landlord's mortgagee at least ten (10) days prior written notice. A certificate of insurance shall be deposited with Landlord.

8.02 INDEMNIFICATION. Tenant shall save and hold Landlord harmless and shall indemnify Landlord from and against any and all claims, actions, damages, liability, and expense in connection with loss of life, personal injury and/or damage to property arising from or out of any occurrence in, upon, or at the leased premises, or the occupancy or use by Tenant of the leased premises or any part thereof, or occasioned wholly or in part by any act or omission of Tenant, its customers, agents, contractors, employees, or invitees. In case Landlord shall, without fault on its part, be made a party to any litigation commenced by or against Tenant, arising from or out of any occurrence in, upon, or at the leased premises, or the occupancy or use by Tenant of the leased premises or any part thereof, or occasioned wholly or in part by any act or omission of Tenant, its customers, agents, contractors, employees, or invitees, then Tenant shall save and hold Landlord harmless and shall indemnify Landlord against all costs, expenses and reasonable attorneys' fees incurred or paid by Landlord in connection with such litigation.

8.03. FIRE AND EXTENDED COVERAGE. Landlord shall maintain fire and extended coverage insurance covering the Shopping Center buildings, including the leased premises. The fire and extended coverage insurance shall not insure, however, Tenants' leasehold improvements, leasehold fixtures, Tenant's equipment, Tenants' records, or any other item of personal property owned by Tenant.

Tenant shall pay to Landlord, in addition Lease, as additional rent, Tenant's proportionate to the rentals and other charges specified in this share of the premiums for said fire and extended coverage insurance, paid by Landlord. For this purpose Tenant's proportionate share shall be calculated in the same manner, and paid at the same time as Tenant's proportionate share of common area expenses, as otherwise provided in this Lease.

8.04. NOTICE OF DAMAGE. Tenant shall give immediate notice to Landlord in case of fire or other casualty causing any damage to any part of the leased premises, or

accidents or injury to persons or property occurring in the leased premises or in the building of which the premises are a part or elsewhere in the Shopping Center.

8.05. **WAIVER OF SUBROGATION.** Landlord and Tenant and all parties claiming under them hereby mutually discharge and release each other from all claims and liabilities arising from or caused by any hazard covered by insurance on the Shopping Center or on the leased premises, or covered by insurance in connection with property on or activities conducted on the Shopping Center or leased premises, regardless of the cause of damage or loss.

ARTICLE 9

ASSIGNMENT AND SUBLETTING

Landlord has entered into this Lease with Tenant based, among other things, upon Tenant's credit, Tenant's ability to enhance the Shopping Center, and Tenant's general business reputation in the community being served. Therefore, Tenant may not assign this Lease in whole or part, or sublet all or any part of the leased premises, without the prior written consent of Landlord, which consent shall not be unreasonably withheld. In the event that Tenant does assign this lease in whole or in part, or sublets all or any part of the leased premises without the express advance written consent of Landlord, this Lease may, at the option of the Landlord, be immediately terminated. Notwithstanding any approved assignment or sublease, Tenant shall remain fully liable on this Lease and shall not be released from performing any of the terms, covenants and conditions of this lease.

ARTICLE 10

OFF-SET STATEMENT, ATTORNMENT AND SUBORDINATION

10.01 **OFF-SET STATEMENT.** Tenant agrees within ten (10) days after receiving a request therefore by Landlord, to execute, on a form supplied by Landlord or a mortgagee of Landlord, a statement, in writing, certifying (a) that this Lease is in full force and effect, (b) the date of commencement of the term of this Lease, (c) that rent is paid currently without any off-set or defense thereto, (d) the amount of rent, if any, paid in advance, (e) that there are no uncured defaults by Landlord or stating those claimed by Tenant, provided that, in fact, such facts are accurate and ascertainable, and (f) date of termination of this Lease; and Tenant shall also furnish such other representations as may reasonably be required by Landlord's mortgagee.

10.02. **ATTORNMENT.** Tenant shall, in the event any proceedings are brought for the foreclosure of or in the event of exercise of the power of sale under any mortgage made by Landlord covering the leased premises, attorn to the purchaser upon any such foreclosure or sale and recognize such purchaser as the Landlord under this Lease, so long as the Landlord is not in default at the time of the foreclosure.

10.03. **SUBORDINATION.** Tenant agrees that this Lease shall, at the request of the Landlord, be subordinate to any first mortgages or deeds of trust that may now or hereafter be placed upon said premises and to any and all renewals, replacements and extensions thereof, provided the mortgagee or trustee named in said mortgages or trust deeds shall agree to recognize the Lease of Tenant in the event of foreclosure if Tenant is not in default. Tenant also agrees that any mortgagee or trustee may elect to have this Lease a prior lien to its mortgage or deed of trust, and in the event of such election and upon notification by such mortgagee or trustee to Tenant to that effect, this Lease shall be deemed prior in lien to the said mortgage or deed of trust, whether this Lease is dated prior to or subsequent to the date of said mortgage or deed of trust. Tenant agrees that

upon the request of Landlord, any mortgagee or any trustee, it shall execute whatever instruments may be required to carry out the intent of this Section.

ARTICLE 11
CASUALTY AND EMINENT DOMAIN

11.01. REPAIR OF DAMAGED PREMISES. In the event the leased premises are partially destroyed by fire or other casualty insured under the insurance carried by Landlord hereunder so as to make the leased premises totally or partially untenantable, the damage to the leased premises shall be repaired by Landlord. In repairing the leased premises, Landlord shall repair said premises to the same or an equivalent condition that said premises were in immediately prior to the fire or other casualty. Tenant, however, shall be required to repair or replace Tenants' trade fixtures, leasehold improvements, furnishings, and equipment; and in no event shall Landlord be required to repair or replace the same.

Notwithstanding the foregoing, however, in the event more than twenty-five percent (25%) of the floor area of the building in which the leased premises are located shall be destroyed by fire or other casualty, then Landlord may elect either to rebuild or repair the leased premises, as the case may be, or to terminate this Lease by giving written notice to Tenant of its election to so terminate. Such notice shall be given within ninety (90) days after the occurrence of such damage or destruction.

11.02. TOTAL CONDEMNATION OF LEASED PREMISES. If the whole of the leased premises shall be taken by any public authority under the power of eminent domain, then the term of this Lease shall cease as of the day possession shall be taken by such public authority and the rent shall be paid up to that day with a proportionate refund by Landlord of such rent as may have been paid in advance for a period subsequent to the date of the taking.

11.03. PARTIAL CONDEMNATION. If less than the whole of the leased premises shall be taken under eminent domain, Landlord or Tenant shall each have the right to terminate this Lease and declare the same null and void. If either party elects to terminate, notification shall be made by the electing party to the other party, in writing, within ninety (90) days after such public authority has taken possession of the leased premises. In the event neither Landlord nor Tenant elect to terminate this Lease, all of the terms herein provided shall continue in effect, except that the annual rent shall be reduced in proportion to the amount of the leased premises taken. In that event, Landlord shall, at its own costs and expense, make all the necessary repairs or alterations to the basic building as originally provided by Landlord, in accordance with the terms of the Lease, so as to constitute the remaining leased premises a complete architectural unit.

ARTICLE 12
COVENANT OF QUIET ENJOYMENT

Upon payment by the Tenant of the rents herein provided and upon the observance and performance of all the covenants, terms and conditions on Tenants part to be observed and performed, Tenant shall peaceably and quietly hold and enjoy the leased premises for the term hereby leased without unreasonable hindrance or interruption by Landlord or any other person or persons lawfully or equitably claiming by, through or under the Landlord, subject, nevertheless, to the terms and conditions of this Lease.

ARTICLE 13

RE-ENTRY BY LANDLORD

13.01. If Tenant shall default in the payment of any rent or other charge payable under this Lease, and such default shall continue for five (5) days after written notice is given to Tenant, or if Tenant is otherwise in default under the provisions of this Lease, and such default is not cured as otherwise provided herein, Landlord or Landlords' agents and employees, with or without terminating this Lease (the termination of which shall be at Landlord's option), may immediately or at any time thereafter re-enter the leased premises, or any part thereof, either by summary proceedings or by any suitable action or proceeding at law, without being liable for damages therefore, and may repossess the same, and may remove any person therefrom, to the end that Landlord may have, hold and enjoy the leased premises. If this Lease is terminated or if Landlord shall re-enter the leased premises under the provisions of this Article, Tenant shall thereupon pay to Landlord all of the rent and other charges payable hereunder up to the time of such termination of this Lease, or of such recovery of possession of the legal premises by Landlord, as the case may be, and shall also pay to Landlord damages as hereinafter provided.

13.02. In the event of a breach or threatened breach of Tenant of any of its obligations under this Lease, Landlord shall also have the right of injunction. The special remedies to which Landlord may resort hereunder are cumulative and are not intended to be exclusive of any other remedies to which Landlord may lawfully be entitled at any time and Landlord may invoke any remedy allowed at law or in equity as if specific remedies were not provided for in this Lease.

13.03. If Landlord shall elect to terminate this Lease or if Landlord shall re-enter the legal premises under the provisions of this Article, Landlord shall be entitled to retain all moneys, if any, paid by Tenant to Landlord, whether as advance rent or otherwise, but said moneys shall be credited by Landlord against any rent or other charges due from Tenant at the time of such termination or re-entry or, at Landlord's option, against any damages payable to Tenant as herein provided or pursuant to law.

ARTICLE 14 DAMAGES

14.01. If Landlord elects to terminate this Lease upon Tenant's default, as provided herein, or if Landlord shall re-enter the leased premises under the provisions hereof, Tenant shall pay to Landlord as damages sums equal to the rent and other charges which would have been payable by Tenant had this Lease not so terminated, or had Landlord not so re-entered the leased premises, payable upon the due dates therefore specified in this Lease following such termination or such re-entry, and until the date contemplated as the expiration date hereof if this Lease had not so terminated or if Landlord had not so re-entered the leased premises, provided, however, that if Landlord shall re-let the leased premises during the period, Landlord shall credit Tenant with the net rents received by Landlord from such reletting, such net rents to be determined by first deducting from the gross rents as and when received by Landlord from such reletting the expenses incurred or paid by Landlord in terminating this Lease or in re-entering the leased premises and in securing possession thereof, as well as the expenses of reletting, including, without limitation, altering and preparing the leased premises for new tenants, brokers' commissions, attorneys' fees, and all other expenses property chargeable against the leased premises and the rental therefrom, it being understood that any such reletting may be for a period shorter or longer than the remaining term of this Lease. If the leased

premises or any part thereof should be relet in combination with other space, then proper apportionment on a square foot basis shall be made of the rent received from such reletting and of the expenses of reletting.

If the leased premises or any part thereof be relet by Landlord for the unexpired portion of the term of this Lease, or any part thereof, before presentation of proof of such damages to any court, the amount of rent reserved upon such reletting shall, prima facie, be the fair and reasonable rental value for the leased premises, or any part thereof, during the term of the reletting. Landlord shall not be liable in any way whatsoever for its inability to relet the leased premises or any part thereof, or if the leased premises or any part thereof are relet, for its inability to collect the rent under such reletting, and no such failure to relet or failure to collect rent shall release or affect Tenant's liability for damages or otherwise under this Lease.

14.02. Suit or suits for the recovery of such damages, or any installments thereof, may be brought by Landlord from time to time at its election, or, at Landlord's option, Landlord may accelerate the due date of the remaining rent for the balance of the lease term; and nothing contained in this Lease shall be deemed to require Landlord to postpone suit until the date when the term of this Lease would have expired if it had not been so terminated by Landlord upon Tenant's default, or had Landlord not re-entered the leased premises. Nothing in this Lease shall be construed to limit or preclude recovery by Landlord against Tenant of any sums or damages to which, in addition to the damages particularly provided above, Landlord may lawfully be entitled by reason of any default hereunder on the part of Tenant. Nothing in this Lease shall be construed to limit or prejudice the right of Landlord to prove and obtain as damages, by reason of the termination of this Lease or re-entry on the leased premises for the default of Tenant under this Lease, an amount equal to the maximum allowed by any statute or rule of law in effect at the time when, and governing the proceedings in which, such damages are to be proved whether or not such amount be greater, equal to, or less than any of the sums referred to herein.

14.03. In addition, if this Lease is terminated by Landlord in accordance with the provisions hereof, or if Landlord shall reenter the leased premises under the provisions hereof, Tenant agrees that the leased premises then shall be in the same condition as that in which Tenant has agreed to surrender the same to Landlord at the expiration of the term hereof.

14.04. In addition to any other remedies Landlord may have hereunder, if any rent, other charges payable hereunder or damages payable hereunder by Tenant to Landlord are not paid within five (5) days after demand therefore, the same shall bear interest at the rate of one and one-half percent (1-1/2%) per month or the maximum rate permitted by law, whichever is less, from the due date thereof until paid, and the amount of such interest shall be additional rent payable hereunder.

ARTICLE 15 **CURING TENANT'S DEFAULTS**

15.01. If Tenant shall default in the performance of any of Tenant's obligations under this Lease, Landlord, without thereby waiving such default, may (but shall not be obligated to) perform the same for the account and at the expense of Tenant, without notice in a case of emergency, and in any other case only if such default continues after the expiration of thirty (30) days from the date Landlord gives Tenant notice of the default,

unless Tenant commences to cure the default during such thirty (30) day period, and diligently pursues the cure of said default until fully cured.

15.02. Tenant shall reimburse Landlord for any costs and expenses incurred by Landlord in connection with any such performance by Landlord for the account of Tenant, and for all costs, expenses and disbursements of every kind and nature whatsoever incurred by Landlord, including reasonable attorneys' fees, in collecting or endeavoring to collect such expenses, together with interest on all such sums advanced by Landlord at the rate of one and one-half percent (1-1/2%) per month or the maximum rate permitted by law, whichever is less.

15.03. **DEFAULT EXPENSES.** In case any action shall be taken for the recovery of possession of the leased premises, for the recovery of rent or any other amount due under the provisions of this Lease, or because of the breach of any other covenant herein contained on the part of either party to be kept performed, and a breach shall be established, the prevailing party shall collect from the other party all expenses incurred therefore, including reasonable attorneys' fees.

ARTICLE 16 BANKRUPTCY OR INSOLVENCY

16.01. **TENANTS INTEREST NOT TRANSFERABLE.** Neither this Lease, nor any interest therein nor any estate thereby created shall pass to any trustee or receiver or assignee for the benefit of creditors or otherwise by agreement or operation of law.

16.02. **LANDLORD'S OPTION TO TERMINATE.** In the event the estate created hereby shall be taken in execution or by other process of law, or if Tenant shall be adjudicated insolvent or bankrupt pursuant to the provisions of any state or federal insolvency or bankruptcy act, or if a receiver or trustee of the property of Tenant shall be appointed by reason of Tenant's insolvency or inability to pay its debts, or if any assignment shall be made of Tenant's property for the benefit of creditors, then and in any such events, Landlord may, at its option, terminate this Lease and all rights of Tenant hereunder, by giving notice to Tenant in writing of the election of Landlord to so terminate.

ARTICLE 17 **MISCELLANEOUS**

17.01. **NOTICE OF DEFAULT.** Tenant shall be in default for failure to pay rent or any other charge hereunder, upon Tenant's being given five (5) days notice, in writing, of such failure to pay. There shall be no default under the terms of this Lease for Tenant's failure to perform non-monetary obligations hereunder, until Tenant has been given at least thirty (30) days' notice, in writing, of the alleged default. Tenant shall have thirty (30) days to cure the non-monetary default; and if the default cannot be cured within thirty (30) days, Tenant shall not be deemed to be in default if Tenant has commenced the cure of the default within said thirty (30) day period, and thereafter diligently pursues the cure until the default has been cured.

17.02. **HOLDING OVER.** Any holding over by Tenant after the expiration of the term hereof, with or without the consent of the Landlord, shall be construed to be a tenancy from month to month at the rents herein specified (prorated on a monthly basis) and shall otherwise be on the terms and conditions herein specified, so far as applicable.

17.03. **SUCCESSORS.** All rights and liabilities herein given to, or imposed upon, the respective parties hereto shall extend to and bind the several respective successors, and assigns of said parties. No rights, however, shall inure to the benefit of any assignee of Tenant unless the assignment to such assignee has been approved by Landlord in writing as specifically provided herein.

17.04. **RULES AND REGULATIONS.** Tenant agrees to comply with and observe all reasonable rules and regulations which may be established by Landlord from time to time, provided the same shall apply uniformly to all tenants of the Shopping Center, and provided that such rules and regulations do not conflict with Tenants' rights under this Lease.

17.05. **WAIVER.** One or more waivers of any covenant or condition by Landlord shall not be construed as a waiver of a subsequent breach of the same covenant or condition, and the consent or approval by Landlord to or of any act by Tenant requiring Landlord's consent or approval shall not be deemed to render unnecessary Landlord's consent or approval to or of any subsequent similar act by Tenant. No breach of a covenant or condition of this Lease shall be deemed to have been waived by Landlord, unless such waiver be in writing signed by Landlord.

17.06. **ENTIRE AGREEMENT.** This Lease and the Exhibits, attached hereto and forming a part hereof, set forth all the covenants, promises, agreements, conditions and understandings between Landlord and Tenant concerning the leased premises; and there are no covenants, promises, agreements, conditions or understandings, either oral or written, between them other than are herein set forth. No alteration, amendment, change or addition to this Lease shall be binding upon Landlord or Tenant unless reduced to writing and signed by each party.

17.07. **SINGULAR TO INCLUDE PLURAL.** Whenever herein the singular number is used, the same shall include the plural and the masculine gender shall include the feminine and neuter genders.

17.08. **FORCE MAJEURE.** In the event that either party hereto shall be delayed or hindered in or prevented from the performance of any act required hereunder by reason of strikes, lockouts, labor troubles, inability to procure materials, failure of power, restrictive governmental laws or regulations, riots, insurrection, war or other reason of a like nature not the fault of the party delayed in performing work or doing acts required under the terms of this Lease, then performance of such act shall be excused for the period of the delay and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay. The provisions hereof, however, shall not operate to excuse Tenant from prompt payment of rent, or any other payments required by the terms of this Lease, after commencement of the terms of this Lease.

17.09. **CAPTIONS AND SECTION NUMBERS.** The caption, section numbers, article numbers, and index appearing in the Lease are inserted only as a matter of convenience and in no way define, limit, construe, or describe the scope or intent of such sections or articles of this Lease.

17.10. **BROKER'S COMMISSION.** Tenant represents and warrants that there are no claims for brokerage commissions or finders' fees in connection with the execution of this Lease incurred by Tenant with the exception of Erickson & Associates, W., the landlords broker of record. Each of the parties agrees to indemnify the other against, and hold it harmless from, all liabilities arising from any such claims (including, without limitation, the cost of attorneys' fees in connection therewith), except as specified in this paragraph.

17.11. **1. ACCORD AND SATISFACTION.** No payment by Tenant or receipt by Landlord of a lesser amount than the monthly rent herein stipulated shall be deemed to be other than on the account of the earliest stipulated rent, not shall any endorsement or statement on any check or any letter accompanying any check or payment as rent be deemed in accord and satisfaction, unless specifically agreed to by Landlord in writing,

and Landlord shall accept such check or payment without prejudice to Landlord's right to recover the balance of such rent or pursue any other remedy in this Lease provided.

17.12. INVALIDATION OF PART OF LEASE. If any portion of this Lease is found to be unenforceable, this shall not affect the enforceability of the remainder of this Lease which shall remain in full force and effect.

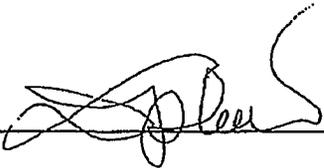
17.13. ILLINOIS LAW. This Lease shall be subject to and construed under the laws of the State of Illinois.

IN WITNESS WHEREOF, the parties hereto have executed this Lease as of the day and year first above written

Landlord
RURAL GUILDFORD COMPANY

By: PHUONG THI NGUYEN
Its: OWNER
Date: March - 25 - 2005

Signature



Tenant:
ALIHUSSEIN ALMAOSMI
Date: MARCH - 25 - 2005
Signature



Every Month:

| | |
|---------------------------|--|
| Base Rent _____ | \$490.00 |
| Tax, Insurance, CAM _____ | \$070.00 (prorated, will be adjust when the Owner receive the real cost) |
| Total _____ | \$560.00 |

Payment will be on or before the first day of each month and payable to Landlord,

Rural Guilford Company
PO BOX 7354
Rockford, IL 6126-7354

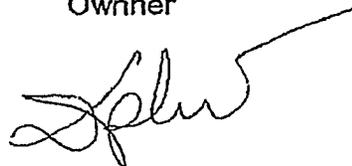
For the First payment

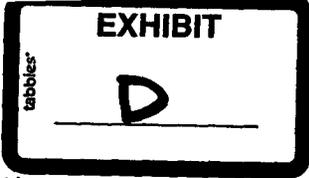
| | |
|----------------------------|------------------------------|
| Monthly rent _____ | \$560.00 (Rent for May/2005) |
| 2 base monthly rents _____ | \$980.00 (Deposit) |
| Total _____ | \$1540.00 |

Date 03/25/2005
Alihoussein Almaosmi
Tenant



Date 03/25/2005
Phuong Nguyen
Owner





YEAR OF: 2009
File Prior to:

STATE OF ILLINOIS
DOMESTIC CORPORATION ANNUAL REPORT
PLEASE TYPE OR PRINT CLEARLY IN BLACK INK

CORPORATION
FILE #: 64267116

NOTE: A change in the Registered Agent and/or Registered Office may only be effected by filing Form BCA-5.10/5.20. If there have been any changes in Items 6 or 7a, Form BCA-14.90 must be completed and submitted in the same envelope.

1. Corporate Name: RURAL SMOKE SHOP INC
Registered Agent: MARK E CHALLENGER
Registered Office: 4615 E STATE STREET SUITE 15-02
City, IL, ZIP Code: ROCKFORD IL 61108 County: WINNEBAGO

2. Principal Address of Corporation: 1710 RURAL STREET ROCKFORD IL 61107
Street City State ZIP Code

3. Date Incorporated: MAY 24 2005
Month Day Year

4. Names and Addresses of Officers and Directors:
NOTE: The names and addresses of ALL officers and directors must be entered in this item.

| OFFICE | NAME | NUMBER & STREET | CITY | STATE | ZIP |
|-----------|----------------|------------------|----------|-------|-------|
| President | ALI H ALMOSAMI | 719 COURT STREET | ROCKFORD | IL | 61103 |
| Secretary | | | | | |
| Treasurer | | | | | |
| Director | | | | | |
| Director | | | | | |
| Director | | | | | |

5. If 51% or more of stock is owned by a minority or female, please check appropriate box: Minority Owned Female Owned

6. Number of shares authorized and issued (as of): _____

| CLASS | SERIES | PAR VALUE | NUMBER AUTHORIZED | NUMBER ISSUED |
|--------|--------|-----------|-------------------|---------------|
| COMMON | | | 1000000 | 1000 |
| | | | | |
| | | | | |
| | | | | |

IMPORTANT: If the amount in Item 6 or 7a differs from the Secretary of State's records, Form BCA 14.90 must be completed.

7a. Amount of Paid-in Capital (as of): \$ _____

(Paid-in Capital reflects the sum of the Stated Capital and Paid-in surplus accounts.)

7b. Paid-in Capital on record with Secretary of State: \$ _____



8. By _____
Any Authorized Officer's Signature Title Date

Under the penalty of perjury and as an authorized officer, I declare that this annual report, pursuant to provisions of the Business Corporation Act, has been examined by me and is, to the best of my knowledge and belief, true, correct and complete.

Item 8 Must Be Signed.

RETURN TO:
Jesse White, Secretary of State
Department of Business Services - 501 S. Second St. - Springfield, IL 62756
217-782-7808 - www.cyberdriveillinois.com

Please Complete Reverse Side of This Report

PRESIDENT _____

SECRETARY _____

IF THE ABOVE OFFICERS' NAMES AND ADDRESSES ARE MISSING OR HAVE CHANGED, ENTER ONLY THE ADDITIONS OR CORRECTIONS BELOW.

PRESIDENT _____ File # _____
Name Street Address City State ZIP Code

SECRETARY _____
Name Street Address City State ZIP Code

(Item 9 OR 10a OR 10b, whichever is applicable, MUST be completed.)

9. Amounts stated in parts (a) through (d) below are given for the 12-month period ending _____ Day _____ Month _____ Year

Value of the property (gross assets):

(a) owned by the corporation, wherever located; (a) \$ _____
 (b) of the corporation located within the State of Illinois; (b) \$ _____

Gross amount of business transacted by the corporation:

(c) everywhere for the above period; (c) \$ _____
 (d) at or from places of business in Illinois for the above period; (d) \$ _____

ALLOCATION FACTOR = $\frac{b + d}{a + c}$ = _____ Enter this figure on line 11b below.
 6 decimal places

10a. ALL property of the Corporation is located in Illinois and ALL business of the Corporation is transacted at or from places of business in Illinois.

10b. The Corporation elects to pay franchise tax on the basis of 100% of its total Paid-in Capital.

ALLOCATION FACTOR = 1.00000 (Enter this figure on line 11b below.)

STOP: Item 9 or 10 must be completed before continuing to Item 11.

11. ANNUAL FRANCHISE TAX AND FEES

| | | | |
|--|-----|----------|---------|
| 11a. TOTAL PAID-IN CAPITAL (Enter amount from Item 7a; if late, enter the greater of 7a or 7b.) | a | 1000 | |
| 11b. ALLOCATION FACTOR (Enter from Item 9 or Item 10.) | b | 1.000000 | |
| 11c. ILLINOIS CAPITAL (Multiply line 11a by line 11b.) | c | 1000 | |
| 11d1. Multiply line 11c by .001 (Round to nearest cent.) | d1 | | |
| 11d2. ANNUAL FRANCHISE TAX (Enter amount from line d1, but not less than \$25.) | d2 | | 25.00 |
| 11e1. If Annual Report is late, multiply line d2 by .10 | e1 | | |
| 11e2. If Annual Franchise Tax is late, multiply line d2 by .02 for each month late or part thereof (minimum \$1) | e2 | 6.00 | |
| 11e3. INTEREST & PENALTIES (Add lines e1 and e2.) | e3 | | |
| 11f. ANNUAL REPORT FILING FEE (\$75) | 11f | | + 75.00 |
| 11g. TOTAL ANNUAL FRANCHISE TAX, FEES, INTEREST, PENALTIES DUE (Add line d2 + line e3 + line f.) | 11g | | 106.00 |

MAKE CHECKS PAYABLE TO ILLINOIS SECRETARY OF STATE.
 (Place corporate file number on check.)

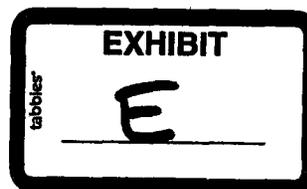
IMPORTANT

If there have been changes in Items 6 or 7, Form BCA 14.30 must be executed and submitted with this Annual Report in the same envelope.



Illinois Department of Revenue

Statute of Limitations Waiver



Waiver to extend statute of limitations for the convenience of the
[X] First waiver
[] Second or subsequent waiver
[X] Taxpayer
[] Department of Revenue

Taxpayer's name: RURAL TOBACCO SHOP
Identification no.: 3609-9155
Account, License, or Federal Employer Identification number (FEIN)

Address: 1710 RURAL ST STE 5
Number and street or Post Office box

ROCKFORD IL 61107-3149
City State ZIP

I, the taxpayer, agree to waive the benefit of the statute of limitations and permit the Illinois Department of Revenue (IDOR) to issue a notice of tax liability on or before 12/31/2011, so that the IDOR can complete its audit of my books and records...

I understand that I am waiving the benefit of the statute of limitations that would otherwise prevent the IDOR from issuing a notice of tax liability (including penalty and interest) after 06/30/2011, with respect to any tax, penalties, and interest I incurred from 01/01/2008, through 04/30/2010, under the following tax acts and laws:

Sales and Related

- * Retailers' Occupation Tax (ROT)
* Service Occupation Tax (SOT)
* Home Rule Municipal ROT and SOT
* Home Rule County ROT and SOT
* Non-Home Rule Municipal ROT and SOT (municipalities between 20,000 and 25,000 population)
* Metro-East Mass Transit District (MTD) ROT and SOT
* Regional Transportation Authority (RTA) ROT and SOT
* Metropolitan Pier and Exposition Authority (MPEA) ROT
* Chicago Home Rule Municipal Soft Drink ROT
* Rock Island County ROT and SOT
* Salem Civic Center ROT and SOT
* Metro-East Park and Recreation District Tax
* County Public Safety ROT and SOT
* County School Facilities ROT and SOT
* Business District ROT and SOT
* Flood Prevention ROT and SOT
* Use Tax (UT)
* Home Rule Municipal UT
* Metro-East MTD UT
* RTA UT

- * County Motor Fuel Tax
* County Water Commission UT
* Metro-East MTD SOT
* Service Use Tax (SUT)
* Automobile Renting Occupation and Use Tax (ART)
* Municipal ART
* County ART
* Metro-East MTD ART
* RTA ART
* MPEA ART
* Municipal Automobile Renting Use Tax (ARUT)
* County ARUT
* Metro-East MTD ARUT
* RTA ARUT
* MPEA ARUT
* Vehicle Use Tax
* Watercraft Use Tax
* Aircraft Use Tax
* Hotel Operators' Occupation Tax (HOOT)
* Chicago HOOT
* MPEA HOOT
* Sports Facilities Authority HOOT
Other:

Miscellaneous

- * Bingo Tax
* Charitable Games Tax
* Motor Fuel Tax
* Motor Fuel Use Tax (IFTA)
* Environmental Impact Fee and Underground Storage Tank Tax
* Gas Revenue Tax
* Water Company Invested Capital Tax
* Public Utilities Revenue Tax
* Electricity Excise Tax
* Messages Tax
* Telecommunications Excise Tax
* Telecommunications Municipal Infrastructure Maintenance Fee
* Pull Tabs and Jar Games Tax
* Riverboat Gambling Tax
* Tire User Fee
* Tobacco Products Tax
* Gas Use Tax
* Simplified Municipal Telecommunications Tax
* Cigarette Tax
* Cigarette Use Tax
* Dry Cleaning Solvent Tax and License Fees
* Coin Operated Amusement Device and Redemption Machine Tax
* Liquor Gallonage Tax
Other:

Taxpayer's signature: [Signature] Title: Owner Date: 4-26-11

IDOR director's signature: _____ Date: _____