ADMINISTRATIVE COMPLAINT

I. PRELIMINARY STATEMENT

The Enforcement Section of the Massachusetts Securities Division of the Office of the Secretary of the Commonwealth (the “Enforcement Section” and the “Division,” respectively) files this complaint (the “Complaint”) in order to commence an adjudicatory proceeding against the above named Respondents for violations of M.G.L. c. 110A, the Massachusetts Uniform Securities Act (the “Act”), and 950 CMR 10.00 et seq., (the “Regulations”). The Complaint is focused on Peter Tzamalas (“Tzamalas”) and his theft of funds from his brokerage clients while employed at ING Financial Partners, Inc. (“ING”) and its predecessor firm Washington Square Securities, Inc. (“WSSI”) in violation of the Act and Regulations. The Complaint also alleges that ING’s failure to reasonably and properly supervise Tzamalas allowed him to continue to defraud Massachusetts investors over a period of several years.

The Enforcement Section seeks an order requiring Respondent Tzamalas to cease and desist from further violations of the Act, requiring Respondent Tzamalas to provide an accounting of all proceeds which he received as a result of the loan arrangements and to provide rescission to
and to fairly compensate investors for those losses attributable to the alleged wrongdoing, ordering Respondent Tzamalas to disgorge all profits and other direct or indirect remuneration received from the alleged wrongdoing, revoking Respondent Tzamalas’ registration, imposing an administrative fine on Respondent Tzamalas in such amount and upon such terms and conditions as the Director or Hearing Officer may determine, requiring Respondent ING to cease and desist from further violations of the Act, requiring Respondent ING to provide an accounting of all proceeds received by Tzamalas as a result of the loan arrangements and to provide rescission to and to fairly compensate investors for those losses attributable to the alleged wrongdoing, imposing an administrative fine on Respondent ING in such amount and upon such terms and conditions as the Director or Hearing Officer may determine, and censuring Respondent ING. In addition, the Enforcement Section requests the Director or Hearing Officer take any other appropriate actions against Respondents, which may be in the public interest and necessary for the protection of Massachusetts investors.

II. SUMMARY

Between at least December 1, 2004 and September 22, 2006, Peter Tzamalas used his heritage and fluency in his native language to defraud many investors from the Greek community in eastern Massachusetts. Disguising his scheme under the auspices of high interest rate personal loans, Tzamalas was able to coerce many of his brokerage clients to transfer funds from retirement accounts and childrens’ educational savings to his control. Pursuant to his scheme, Tzamalas was able to accumulate at least half a million dollars, and potentially several million dollars, of funds from his Greek clients. Tzamalas’ actions amounted to no less than a full scale Ponzi scheme in which many investors’ life savings ended up on casino tables in Connecticut and Atlantic City.
Peter Tzamalas was born in Greece in 1957 and lived in the Athens area until approximately the age of 34. Immigrating to the United States in 1991, Tzamalas worked several different jobs before entering the financial services industry in 1993. Tzamalas first became registered with Fortis Investors, Inc., and subsequently Washington Square Securities Inc. and its successor firm, ING from 1996 through September 2006.

Through his contacts in the Greek community in eastern Massachusetts, Tzamalas was able to eventually build a client base of approximately three hundred individuals while employed at ING. Tzamalas gathered new customers most often through personal referrals from existing clients of Greek heritage. Many of these clients, who spoke little or no English, entrusted their life savings to Tzamalas and relied on him to explain their investments to them. Tzamalas was a top producer at ING, ranking in the upper third of production relative to his peer registered representatives.

From at least December of 2004, Tzamalas began to approach his clients at ING with what he purported as a “great investment opportunity.” This opportunity consisted of high interest rate personal loans to Tzamalas which he represented would be then re-invested in securities. The loans ranged in terms from three to twelve months and purported to pay an interest rate of between eight and nine percent. Tzamalas attempted to conceal his activities by often requiring investors to invest using cash or bank checks in lieu of more easily traceable personal checks. When faced with investor inquiries, Tzamalas evaded explaining exactly what the loan proceeds would be invested in. Relying upon their misplaced trust in a fellow countryman, many of these investors provided tens, and even hundreds of thousands of dollars of funds from their hard earned savings and even their children's college accounts.
In reality, nearly all of funds loaned to Tzamalas were never used to purchase investments. Rather, Tzamalas fraudulently converted the bulk of the funds into bank checks written to him personally or simply withdrew the funds in cash. Tzamalas also deposited a series of checks totaling more than $425,000.00 into the accounts of the Foxwoods and Mohegan Sun casinos in Connecticut and the Trump family of casinos in Atlantic City. In addition, Tzamalas also made well over $100,000.00 worth of payments on at least fifteen personal credit cards from accounts containing the loan proceeds. Those funds that were returned to investors were used as enticement for yet even more funds to be transferred to his control. These payments represented nothing more than shifting funds between investors. Tzamalas continually sought out additional funds to support his fraudulent scheme and encouraged existing loan holders to refer new prospects to him.

When concerned clients ultimately uncovered Tzamalas’ fraudulent activities in late September of 2006, he disappeared, vacating his Norwood office and taking with him most of his personal and business files. Defaulting on the loan obligations, Tzamalas left at least twelve known Massachusetts ING clients in severe financial distress. Tzamalas currently owes these investors at least a half of a million dollars in unpaid loans. Based upon activity in Tzamalas’ bank account records subpoenaed by the Division, at least eight more additional investors may exist.

During the course of a routine business audit in October of 2002, Tzamalas openly admitted to ING that he had commingled personal and business transactions in a single bank account. Concurrent with this confession, Tzamalas initially refused to provide ING with copies of statements from this account for inspection. Only after the firm threatened to terminate
Tzamalas nearly two months later did he produce copies of the bank account records. However, Tzamalas only produced, and ING only reviewed, the most recent two months of records.

Tzamalas also provided to ING copies of several checks written or withdrawn from the commingled account. Included in these instruments was a $5,000.00 bank check payable to “MTGA.” During its investigation, the Division identified several other checks written by Tzamalas from another account and deposited by “MTGA.” The Division eventually determined that “MTGA” was the Mohegan Tribal Gaming Authority the entity that operates the Mohegan Sun Hotel Casino in Uncasville, Connecticut. Tzamalas eventually transferred at least a quarter of a million dollars to MTGA.

Both Tzamalas’ direct supervisor and ING’s compliance department received the package of bank account documentation containing the “MTGA” check. Despite evidence of funds from a commingled account being sent to a casino, ING not only failed to terminate Tzamalas, but also did not even place him under any heightened supervision. Driscoll never contacted any clients of any registered representative following an inspection to ascertain their satisfaction with the registered representative. Driscoll also pre-announced all the ensuing inspections to Tzamalas, providing him with the opportunity to cleanse his office of any evidence of the loan agreements.

Had ING examined the bank statements for the eighteen-month period since the 2001 inspection, the statements would have revealed at least twenty-five deposits and wire transfers coming into the commingled account, unrelated to Tzamalas’ brokerage and insurance commissions, totaling nearly $310,000.00. As Tzamalas disclosed no other sources of income during this period, it is believed that these funds represented proceeds from loan arrangements with ING clients.
Despite Tzamalas’ admission of commingling business and personal transactions, and his initial refusal and subsequent reluctance to provide access to his bank statements, ING never placed Tzamalas on heightened supervision or any special review. Armed with knowledge of ING’s inspections procedure, Tzamalas created a separate business account to display during future inspections. Tzamalas continued orchestrating the fraudulent loan arrangements until his disappearance in September of 2006.

III. JURISDICTION AND AUTHORITY

1. The Massachusetts Securities Division is a division of the Office of the Secretary of the Commonwealth with jurisdiction over matters relating to securities, as provided for by the Act. The Act authorizes the Division to regulate: 1) the offers, sales, and purchases of securities; 2) those individuals offering and/or selling securities; and 3) those individuals transacting business as investment advisers within the Commonwealth.

2. The Division brings this action pursuant to the enforcement authority conferred upon it by § 407A of the Act and M.G.L. c. 30A, wherein the Division has the authority to conduct an adjudicatory proceeding to enforce the provisions of the Act and all Regulations and rules promulgated thereunder.

3. This proceeding is brought in accordance with §§ 101, 204 and 407A of the Act and its Regulations. Specifically, the acts and practices constituting violations occurred within the Commonwealth of Massachusetts.

4. The Division specifically reserves the right to amend this Complaint and/or bring additional administrative complaints to reflect information developed during the current and ongoing investigation.
IV. RESPONDENTS

5. Peter Tzamalas ("Tzamalas"), age 49, has a last known residence at 71 Devon Road, Norwood, MA 02062 and a most recent principle place of business at 185 Dean Street, Suite 201 Norwood, MA 02062. Tzamalas is currently assigned Central Registration Depository (hereinafter “CRD”) number 2347811. Tzamalas was previously registered in Massachusetts as an agent of Washington Square Securities Inc. ("WSSI") or its successor firm, ING Financial Partners, Inc. from approximately July 10, 1996 until September 27, 2006. Tzamalas was also a licensed insurance agent in Massachusetts. Tzamalas is not currently registered to sell securities or offer investment advice in the Commonwealth.

6. ING Financial Partners, Inc. ("ING") is an entity currently registered as a broker-dealer firm in Massachusetts. ING is also an investment adviser registered with the Securities and Exchange Commission and notice filed in Massachusetts. ING is currently assigned CRD number 2882. ING’s principle place of business is located at 909 Locust Street, Des Moines, Iowa. ING is also affiliated with the ReliaStar Life Insurance Company. Effective January 1, 2004, WSSI and Locust Street Securities, Inc. merged to form ING Financial Partners, Inc.

V. OTHER INVOLVED AND RELATED PARTIES

7. ReliaStar Life Insurance Company ("ReliaStar") is an entity currently registered with the Massachusetts Division of Insurance as a licensed foreign insurer in the Commonwealth. ReliaStar is affiliated with ING under the parent company, ING Group. ReliaStar’s principle place of business is located at 20 Washington Avenue South, Minneapolis, MN 55401.
VI. FACTS AND ALLEGATIONS

8. Tzamalas was born in Greece on July 30, 1957.


10. Upon moving to the United States, Tzamalas used his Greek heritage and fluency in his native language to gain the trust and respect of the Greek community in eastern Massachusetts.

11. From approximately July 10, 1996 until September 27, 2006, Tzamalas was registered in Massachusetts as a representative of Washington Square Securities Inc. and its successor firm ING Financial Partners, Inc. (collectively “ING”).

12. While employed at ING, Tzamalas conducted his securities business from an office in Norwood, MA under the d/b/a name Capital Financial Group. (See Exhibit 1).

13. During his time with ING, Tzamalas was able to assemble a client list of between 300-350 clients representing over 600 separate accounts.

14. The vast majority of Tzamalas’ clients at ING were of Greek heritage.

15. Tzamalas gained the majority of new clients at ING through word of mouth referrals from current clients of Greek heritage.

Couple 1

16. Husband and Wife (Collectively “Couple 1”\(^1\)) are residents of Worcester, Massachusetts.

17. Both Husband and Wife (each age 68) speak Greek as their primary language.

18. Couple 1 first met Tzamalas in 1994 through a referral from a mutual acquaintance.


20. On July 19, 1999, Couple 1 opened two individual IRA accounts with WSSI.

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\(^1\) Client names and confidential financial information have been withheld to preserve the privacy of Massachusetts residents, unless permission to disclose has been otherwise provided herein.
21. At some point during April or May of 2005, Tzamalas contacted Couple 1 and misrepresented to them that one of their funds in their account was about to expire. In reality, the first of the variable annuity contracts purchased by the couple in 1999 had approached the end of its penalty period for early withdrawals of principle.

22. During this conversation, Tzamalas inquired whether Couple 1 would be interested in loaning him funds from the “expiring” investment. Tzamalas represented that the term of the loan would be for one year with principle and 9% annual interest due at expiration. Tzamalas also represented that he would “make about 2%” on the transaction.

23. Tzamalas represented to Couple 1 that the proceeds of the loan agreements would be invested in opportunities presented on “weekends” and “after the markets closed.”

24. Couple 1 were initially hesitant to loan Tzamalas the money. Tzamalas reminded them that he had been their broker for almost 10 years at that point and didn’t they “trust him?” Tzamalas also offered to visit them at their home where they could discuss the loan agreements further. They declined Tzamalas’ invitation to meet.

25. A few weeks later, Tzamalas placed a second call to Couple 1. Tzamalas again asked for an opportunity to meet with them at their home, further stating that he only offered the loan agreements to his “good customers.” This time, they agreed to meet with Tzamalas and set up an appointment at their home approximately a week later.

26. During the ensuing meeting at their home, Tzamalas reminded Couple 1 that they had known each other for many years and that he “didn’t do this for everyone.” Tzamalas further guaranteed that they would not lose any money on the loan transaction. Based upon Tzamalas’ representations, the couple agreed to the loan arrangement.
27. On June 10, 2005, (the “June 10, 2005 Loan”) Couple 1 executed and delivered a personal check to Tzamalas in the amount of $42,427.68. (See Exhibit 2).

28. Couple 1 and Tzamalas executed a written agreement memorializing the existence and terms of the June 10, 2005 Loan.

29. The memo line on the Couple 1’s June 10, 2005 check read “Loan.” (Refer to Exhibit 2).

30. Upon information and belief, it is unknown where Tzamalas ultimately deposited Couple 1’s check representing the June 10, 2005 Loan.

31. In the first weeks of July 2005, Tzamalas informed Couple 1 that he would be traveling to Greece for several weeks. During the same conversation, Tzamalas advised them to surrender a second ReliaStar variable annuity policy which was approaching the end of the withdrawal penalty period.

32. On September 12, 2005, ING processed the surrender of a ReliaStar variable annuity policy held in the Husband of Couple 1’s name for the amount of $57,887.61.

33. Upon returning from Greece in September of 2005, Tzamalas contacted Couple 1 and inquired whether they would be interested in re-investing the recently received annuity proceeds in a second loan agreement.

34. Couple 1 again expressed reservations about the loan agreements. Tzamalas replied by reminding them that they had known him for ten years and told them not to worry.

35. On September 16, 2005, (the “September 16, 2005 Loan”), Couple 1 executed and delivered a second personal check to Tzamalas in the amount of $57,500.00. (See Exhibit 3).

36. The memo line on Couple 1’s September 16, 2005 check read “loan.” (Refer to Exhibit 3).
37. The September 16, 2005 Loan was memorialized in a written agreement between Couple 1 and Tzamalas (See Exhibit 4). The terms of the loan called for a one-year duration with an annual interest rate of 9% to be paid in monthly installments of $431.25.

38. Upon information and belief, Tzamalas converted Couple 1’s personal check representing the September 16, 2005 Loan into a bank check and deposited the funds into his own personal account on October 11, 2005 at a Hyde Park Savings Bank (“HPSB”) branch in Norwood, MA. (See Exhibit 5).

39. At some point during December of 2005, the Wife of Couple 1 received $75,000.00 from the sale of her recently deceased mother’s house. The Husband of Couple 1 called Tzamalas to inquire if he had any guidance for investing the proceeds.

40. When Tzamalas suggested yet another loan, the Husband of Couple 1 indicated that he wanted to invest in something besides another loan. Tzamalas told him why was he to worry; the proceeds from the two previous loans were in a “safe place.”

41. Tzamalas informed Couple 1 that he would be traveling to Greece shortly and that they could discuss the funds from the sale of the house when he returned in early 2006.

42. On March 20, 2006, (the “March 20, 2006 Loan”), during a meeting in their home, Couple 1 executed and delivered a third personal check to Tzamalas in the amount of $75,000.00. (See Exhibit 6).

43. The March 20, 2006 Loan was memorialized in a written agreement between Couple 1 and Tzamalas (See Exhibit 7). The terms of the loan called for a one-year duration with an annual interest rate of 9% to be paid in monthly installments of $562.50.
44. Upon information and belief, Tzamalas converted Couple 1’s personal check representing the March 20, 2006 Loan into a bank check and deposited the funds into his personal account on May 10, 2006 at a HPSB branch in Norwood, MA. (See Exhibit 8).

45. Tzamalas agreed to deposit the monthly interest payments on both the September 16, 2005 and March 20, 2006 Loans into Couple 1’s checking account. Tzamalas would occasionally deposit several months’ interest in a single transaction.

46. Upon information and belief, all deposits made by Tzamalas into Couple 1’s checking account pursuant to both the September 16, 2005 and March 20, 2006 Loans were made in cash.

47. On June 9, 2006, Tzamalas visited Couple 1’s home pursuant to the expiration of the June 10, 2005 Loan.

48. Tzamalas aggressively tried to convince Couple 1 to renew the loan for another year. Tzamalas offered to raise the interest rate from 9% to 10%, as a result of what he described as “improved market conditions.” The couple refused Tzamalas’ offers.

49. On June 9, 2006, Tzamalas delivered a personal check to Couple 1 in the amount of $60,000.00 from his personal account at HPSB. (See Exhibit 9).

50. Tzamalas also paid Couple 1 $5,400.00 in cash, representing the interest due on the June 10, 2005 Loan.

51. Upon receipt of the $60,000.00 check on June 9, 2006, Couple 1 transferred the written agreement referenced in ¶28 back to Tzamalas.

52. On September 4, 2006, Couple 1 encountered Tzamalas at an airport in Switzerland while both parties were returning from a visit to Greece. Sitting in the row in front of Couple 1 on the same return flight to Boston, Tzamalas assured them that he would be depositing an interest payment in their account the next day.
53. Upon departing the plane in Boston, Couple 1 informed Tzamalas that they would not be
renewing the September 16, 2005 Loan. Tzamalas acknowledged this instruction and the parties
separated.

54. On September 5, 2006, Tzamalas deposited $993.75 in cash into Couple 1’s checking
account. (See Exhibit 10). This deposit represented the monthly payments of $431.25 from the
September 16, 2005 Loan, and $562.50 from the March 20, 2006 Loan.

55. In the late morning of September 15, 2006, Tzamalas called Couple 1 and informed them
that he would deposit sufficient funds into his personal checking account to repay the September
16, 2005 Loan. The parties agreed that Tzamalas would deliver the funds at Couple 1’s home at
10:00 a.m. on September 22, 2006.

56. On Friday, September 22, 2006, Tzamalas failed to appear at Couple 1’s home at 10:00
a.m. as agreed upon. Becoming concerned, the couple called Tzamalas’ office at approximately
11:30 a.m. and left a message.

57. At approximately noontime on September 22, 2006, Tzamalas returned Couple 1’s call.
Tzamalas informed the Husband of Couple 1 that he had a “problem” and would be unable to
repay the September 16, 2005 Loan. Tzamalas requested an extension of two months’ time to
repay the obligation and a later opportunity to meet with Couple 1 in person.

58. Couple 1 initially refused Tzamalas’ request for additional time to repay the September
16, 2005 Loan. Exasperated, they finally agreed to extend Tzamalas two weeks’ time to repay
the obligation.

59. At the conclusion of the telephone conversation on September 22, 2006, Tzamalas
thanked Couple 1 for their agreeing to extend the loan period. Tzamalas informed the couple
that they could contact him anytime. The couple never saw or spoke to Tzamalas again.
60. On Monday, September 25, 2006, the Wife of Couple 1 called Tzamalas’ office to discuss an existing ReliaStar annuity contract. The message on Tzamalas’ answering machine stated that he would be out of the office until November 6, 2006.

61. Becoming frantic at the answering machine message in light of Tzamalas’ representations the previous Friday, the Wife of Couple 1 called the office of Frederick Timothy Driscoll (hereinafter “Driscoll”). Driscoll had been Tzamalas’ Office of Supervisory Jurisdiction since approximately May of 2002.

62. Driscoll’s assistant answered the Wife of Couple 1’s call and informed her that she would try to locate Mr. Tzamalas. Later that day, the assistant called Couple 1 and informed them that Driscoll would be contacting them the next day.

63. In the late morning of September 26, 2006, the Husband of Couple 1 called Driscoll’s office again and spoke with the assistant, informing her that he was trying to locate Tzamalas. The assistant transferred the call to Driscoll.

64. The Husband of Couple 1 informed Driscoll of the loan agreements and their inability to locate Tzamalas.

65. Driscoll told the Couple 1 that Tzamalas had called him on September 22, 2006 to tell him he would be returning to Greece immediately to care for a sick relative.

66. Upon Driscoll’s request, Couple 1 faxed the documents representing the loans to Driscoll’s office.

67. Driscoll subsequently relayed Couple 1’s concerns by telephone to Robert Briscoe (hereinafter “Briscoe”), a Senior Compliance Analyst in ING’s compliance department at the firm’s headquarters in Des Moines, Iowa. Despite informing Driscoll that Tzamalas was to be
terminated, Briscoe did not instruct Driscoll to perform any investigatory actions with respect to Tzamalas or any of his ING clients.

68. On Friday September 29, 2006, Couple 1 traveled to Tzamalas’ Norwood office. They had never been to his office before. Upon arrival, they found the door unlocked and open. Couple 1 observed that at least one box of ING client files remained unsecured in the office. A television and bed were visible in the office, and it appeared to the couple as though Tzamalas had also been living in the office for quite some time.

69. Couple 1 later informed Driscoll of their visit to Tzamalas’ office and, upon information and belief, the presence of the client records therein.

70. Driscoll had questioned Briscoe about what was to be done regarding Tzamalas’ office. Driscoll further informed Briscoe that he would be leaving the country and would not be returning until on or about Saturday, October 7, 2006. Briscoe told Driscoll that ING could delay inspection of the Tzamalas’ office until Driscoll’s return.

71. Approximately a week and a half later, on either October 9th or 10th of 2006, Driscoll himself traveled to Tzamalas’ office and found the door open and the office unsecured. All the files related to Tzamalas’ ING clients were missing. A computer monitor and printer remained in the office, but all hard drives and other electronic storage devices had been removed from the premises.

72. Tzamalas’ computer was a stand-alone unit and had not been networked into any ING servers or storage devices.

73. Upon information and belief, between when first being informed of Tzamalas’ disappearance and either October 9th or 10th, no one from ING visited Tzamalas’ office to
ascertain the security of any ING clients’ account records, cash, securities, or other assets or personal information.

74. On November 15, 2006, Driscoll received a letter of resignation from Tzamalas via first class mail. (See Exhibit 11).

75. ING has been unable to contact Tzamalas since the receipt of Couple 1’s complaint.

76. Except for the $60,000.00 payment identified in ¶49 and the periodic interest payments identified in ¶46, ¶50, and ¶54 Couple 1 have never received any other funds back from their loans to Tzamalas.

Couple 2

77. Husband (age 59) and Wife (age 50) are residents of Peabody, Massachusetts.

78. Both Husband and Wife (Collectively “Couple 2”) speak Greek as their primary language.

79. Couple 2 were first introduced to Tzamalas in approximately 1997 through a mutual acquaintance.

80. On or about April 15, 1998, Couple 2 opened two individual accounts with WSSI.

81. At some time during 1999, Tzamalas became aware of three separate bank accounts funded and held by Couple 2 for the benefit of their three children. Tzamalas convinced Couple 2 to transfer the money into the brokerage accounts at WSSI.

82. Between 1998 and February of 2005, Tzamalas would periodically call Couple 2 on the phone to discuss investment related matters. Couple 2 also met with Tzamalas in person during this period at their Peabody home approximately ten times.

83. In late February 2005, Tzamalas approached Couple 2 with what he termed as a “great opportunity.” During an approximate one-hour long meeting at their home, Tzamalas convinced
Couple 2 to withdraw the funds from the childrens’ accounts at ING identified in ¶81 and deliver it to him as a loan.

84. Tzamalas told Couple 2 that he would invest the money “someplace else” but Tzamalas never indicated where the funds would be placed.

85. Pursuant to Tzamalas’ instructions, Couple 2 withdrew approximately $70,000.00 from their ING account which they had designated as savings for their children.

86. In addition to the funds withdrawn from the ING accounts, a daughter of Couple 2 and her husband withdrew approximately $15,000.00 from their personal savings.

87. Couple 2’s daughter and her husband had expressed a concern for the availability of their investment funds for the pending construction of their new home. Tzamalas reassured them that the investments were guaranteed and that he could return their funds to them at anytime with three to four weeks’ notice.

88. On February 23, 2005, Couple 2’s children executed three separate written loan agreements with Tzamalas totaling $83,864.06. (See Exhibit 12). The loan agreements specified that both interest, at a 9% annual rate, and principle would be due at the expiration of the twelve-month term (the “February 23, 2005 Loans”).

89. Three bank checks dated February 22, 2006 were made payable to Tzamalas and delivered to him. (See Exhibit 13).

90. Tzamalas deposited the funds from a February 22, 2005 Loan by at least one of Couple 2’s children into his personal account at a HPSB branch in Norwood, MA on March 17, 2005. (See Exhibit 14).

91. At some point during February of 2006, Tzamalas returned to Couple 2’s home for another hour-long meeting and convinced both them and their children to renew the loan.
agreements for an additional twelve-month term. Tzamalas and Couple 2’s children memorialized this renewal in handwritten notations on the original loan agreements. (Refer to Exhibit 12).

92. The re-executed loan agreements represented that the interest from the first loans would be added to the principle of the renewed obligations. (Refer to Exhibit 12).

93. Tzamalas told Couple 2 that he had a “lot” of people invested in the loan agreements with him, but he always declined to specifically identify any participants.

94. Tzamalas periodically asked Couple 2 if they had any additional money to invest in the loans, but they always refused these inquiries. On at least one occasion, Tzamalas asked one of Couple 2’s children if she knew of anyone else who would be interested in loaning him money.

95. When Couple 2 became aware of Tzamalas’ disappearance, they attempted to contact him both at his office and through mutual acquaintances. Despite numerous attempts, they were unable to contact Tzamalas.

96. During both the initial and subsequent years, neither Couple 2 nor their children ever requested a return of capital or a distribution of interest from the loans. Couple 2 and their children have never received any funds back from their loans to Tzamalas.

**Jordanis and Simon Voyiatzis**

97. Jordanis (age 66) and his son Simon Voyiatzis (age 39) are residents of Worcester.

98. Both Jordanis and Simon are of Greek heritage and speak fluent Greek.


100. Tzamalas was referred to Jordanis and Simon through a mutual contact within the Greek community.
101. Upon information and belief, Jordanis eventually both purchased a ReliaStar insurance policy and created an IRA account at ING through Tzamalas.

102. At some point during late November of 2004, Tzamalas approached Jordanis with the opportunity to invest in the loan agreements.

103. On or about December 1, 2004, Tzamalas executed a written loan agreement with Jordanis totaling $70,000.00. (See Exhibit 15). The loan agreement specified that the principle would be due at the expiration of the twelve-month term and the interest, calculated at 9% annually, would be payable quarterly starting March 1, 2005 (the “December 1, 2004 Loan”).

104. Upon information and belief, the proceeds for the December 1, 2004 Loan were provided from a full liquidation of both Jordanis’ ReliaStar insurance policy and his IRA account at ING.

105. Upon information and belief, it is unknown where Tzamalas ultimately deposited Jordanis’ funds representing the December 1, 2004 Loan.

106. During the term of the December 1, 2004 Loan, Tzamalas would deposit the interest directly into Jordanis’ checking account.

107. On or about December 1, 2005, Tzamalas again met with Jordanis and Simon, whereupon the parties agreed to renew the December 1, 2004 Loan for an additional one-year term. (Refer to Exhibit 15).

108. On or about February 27, 2006, Jordanis and Simon again met with Tzamalas in connection with the loan agreements.

109. On or about February 27, 2006, Tzamalas executed two identical $50,000.00 written loan agreements with Jordanis and Simon individually. (See Exhibit 16). The loan
agreements specified that both the principle and interest, calculated at 8% annually, would be due at the expiration of the three-month term (the “February 27, 2006 Loans”).

110. Upon information and belief, it is unknown where Tzamalas ultimately deposited Jordanis’ and Simon’s funds representing the February 27, 2006 Loans.

111. On or about March 8, 2006, Jordanis and Simon again met with Tzamalas in connection with the prospect of entering into another loan agreement.

112. On or about March 8, 2006, Tzamalas executed a written loan agreement with Simon in the amount of $40,000.00. (See Exhibit 17). The loan agreement specified that both the principle and interest, calculated at 8% annually, would be due at the expiration of the three-month term (the “March 8, 2006 Loan”).

113. The proceeds for the March 8, 2006 Loan were provided from a full liquidation of a mutual fund account held by Simon at Bank of America. The check was endorsed by Simon and made payable to the order of Tzamalas. (See Exhibit 18).

114. On March 8, 2006, Tzamalas deposited Simon’s check from the March 8, 2006 Loan into his personal account at a HPSB branch in Norwood, MA. (Refer to Exhibit 18).

115. On or about June 9, 2006, Jordanis and Simon met with Tzamalas in connection with both the February 27, 2006 Loans and the March 8, 2006 Loan.

116. During this meeting, Tzamalas paid Jordanis $4,000.00 and Simon $7,200.00 in cash. These payments represented the interest owed on both the February 27, 2006 Loans and the March 8, 2006 Loan. (Refer to Exhibits 16 and 17).

117. The parties agreed to renew both the February 27, 2006 Loans and the March 8, 2006 Loan for an additional period extending until October 27, 2006, with interest and principle from all three obligations due on that date. (Refer to Exhibits 16 and 17).

119. Except for the interest payments identified in ¶106 and ¶116, Jordanis and Simon have never received any funds back from their loans to Tzamalas.

120. On or about December 7, 2006, Jordanis and Simon, through their attorney, filed a civil complaint against Tzamalas in Worcester Superior Court in connection with the unpaid loans.

Nicholas and Evmorfia Gavrielides

121. Nicholas and Evmorfia Gavrielides (both age 80) are residents of Haverhill, MA.

122. The Gavrielides speak Greek as their primary language.

123. The Gavrielides first met Tzamalas in early 2001 through a referral from a mutual acquaintance.

124. The Gavrielides eventually opened a brokerage account at WSSI on or about February 27, 2001.

125. At some point during late 2004, Tzamalas approached the Gavrielides with the prospect of investing in the loan agreements. Tzamalas arranged to meet with the Gavrielides in their home during early December 2004.

126. On or about December 9, 2004, Tzamalas executed a written loan agreement with Evmorfia Gavrielides in the amount of $40,000.00. (See Exhibit 19). The loan agreement specified that both the principle and interest, calculated at 9% annually, would be due at the expiration of the twelve-month term (the “December 9, 2004 Loan”).

127. The proceeds for the December 9, 2004 Loan were withdrawn from a savings account held by Evmorfia at a local credit union. (See Exhibit 20).
128. Upon information and belief, Tzamalas deposited the check for the December 9, 2004 Loan into his personal account at a HPSB branch in Norwood, MA. (Refer to Exhibit 20).

129. On or about November 29, 2005, Tzamalas returned to the Gavrielides’ home. The parties agreed to renew the December 9, 2004 Loan for an additional twelve-month period on the same terms. (Refer to Exhibit 19).

130. Upon renewal of the December 9, 2004 Loan, Tzamalas paid the Gavrielides $3,600.00 in cash. This payment represented the interest owed on the December 9, 2004 Loan. (Refer to Exhibit 19).

131. On or about February 25, 2006, Tzamalas executed a second written loan agreement with Evmorfia Gavrielides in the amount of $30,000.00. (See Exhibit 21). The loan agreement specified that both the principle and interest, calculated at 6% annually, would be due at the expiration of a three-month term (the “February 25, 2006 Loan”).

132. The proceeds for the February 25, 2006 Loan were withdrawn from the same savings account held by Evmorfia at the local credit union. (See Exhibit 22).

133. Tzamalas insisted on accompanying Evmorfia into the credit union to withdraw the funds for the February 25, 2006 Loan. Once inside the credit union, Tzamalas insisted that the parties had agreed on a $40,000.00 loan. Evmorfia refused Tzamalas’ coercions to change the agreement and delivered a bank check to him in the amount of $30,000.00. (See Exhibit 23).

134. On March 7, 2006, Tzamalas deposited the check for the February 25, 2006 Loan into his personal account at a HPSB branch in Norwood, MA. (Refer to Exhibit 23).

135. On or about May 25, 2006, Tzamalas returned to the Gavrielides’ home. The parties agreed to renew the February 25, 2006 Loan for an additional nine-month period at the same annual interest rate. (Refer to Exhibit 20).
136. Upon renewal of the February 25, 2006 Loan, Tzamalas paid the Gavrielides $1,800.00 in cash. This payment represented the interest owed on the February 25, 2006 Loan. (Refer to Exhibit 20).


138. Except for the cash interest payments identified in ¶130 and ¶136, the Gavrielides have never received any funds back from their loans to Tzamalas.

**Tzamalas’ Fraudulent Use of Loan Proceeds**

139. Tzamalas deposited the loan proceeds from at least Couple 1, one of Couple 2’s children, Simon Voyiatzis, and Evmorfia Gavrielides into his personal account at HPSB. (Refer to Exhibits 5, 8, 14, 18, 20, and 23).

140. The account referenced in ¶139 was opened on or about June 14, 2001 and closed on or about September 21, 2006.

141. Tzamalas made approximately 253 withdrawals from his personal account at HPSB totaling approximately $1,501,659.73. These withdrawals included personal and bank checks, electronic credit card payments, and cash withdrawals.

142. Only one of the 253 transactions identified in ¶141 appears to have been for investment purposes. This transaction was a personal check written into an account at E*Trade Securities in the amount of $500.00. (See Exhibit 24). This check was dated September 19, 2001, well before the deposits of any presently known investors in the loan agreements.

143. The remainder of the withdrawal transactions from Tzamalas’ HPSB account included at least 11 bank checks and 2 personal checks payable to cash or to Tzamalas personally totaling $484,500.00 (See Exhibit 25); at least 66 personal checks and 25 electronic debits
totaling $111,891.36 which were directed to 15 different credit card accounts; at least 5 different withdrawals in cash or wire transfers totaling $52,975.28 (See Exhibit 26); at least 5 personal checks and 8 bank checks totaling $165,400.00 written to a person or entity identified as “M.P.G.E.” (See Exhibit 27); and at least 12 personal checks written to persons or entities identified as either “T.M.A.” or “T.P.A.” totaling $12,000.00 (See Exhibit 28).

144. Included in the 11 bank checks payable to Tzamalas personally were at least 6 instruments totaling $250,000.00 which were eventually deposited into an account held by an entity identified on the deposit stamp as “MTGA.” (Refer to Exhibit 25). These deposits were made at branches of Fleet Bank and later Bank of America.

145. Pursuant to a subpoena duces tecum issued by the Division on March 19, 2007, Bank of America identified “MTGA” as the Mohegan Tribal Gaming Authority, the entity that operates the Mohegan Sun Hotel Casino in Uncasville, Connecticut.

146. The thirteen bank and personal checks payable to “M.P.G.E.” were deposited at branches of Fleet Bank and later Bank of America. (Refer to Exhibit 27).

147. Pursuant to a subpoena duces tecum issued by the Division on March 2, 2007, Bank of America identified “M.P.G.E.” as Mashantucket Pequot Gaming Enterprises, Inc., the entity that operates the Foxwoods resort and casino in Ledyard, Connecticut.

148. The twelve personal checks payable to “T.M.A.” or “T.P.A.” were deposited at branches of Commerce Bank N.A. in Cherry Hill, New Jersey. (Refer to Exhibit 28).

149. Several of the checks payable to “T.M.A.” were stamped on the reverse side “For Deposit Only TMA / Trump Marina.” (Refer to Exhibit 28). Upon information and belief, “T.M.A.” is the Trump Marina Atlantic City Hotel and Casino.
150. Upon information and belief, "T.P.A." is the Trump Plaza Atlantic City Hotel and Casino.

151. The withdrawals from Tzamalas' personal account at HPSB also included at least 16 personal checks totaling $266,500.00 written to known or believed investors in the loan agreements. This amount includes the $60,000.00 check written to Couple 1 dated June 9, 2006 and identified in ¶49. (Refer to Exhibit 9).

152. The transactions identified in ¶143 through ¶151 represented nearly 89% of the total value of the withdrawals from Tzamalas' account at HPSB.

153. On September 21, 2006, Tzamalas initiated a cash withdrawal in the amount of $1,935.28. (See Exhibit 29). This transaction created a $0 balance in the HPSB account and the account was closed that same day.

154. Between October 20, 2006 and December 7, 2006, Tzamalas wrote a series of three sequentially numbered checks from an account at Sovereign Bank to his attorney totaling $55,000.00. (See Exhibit 30). The final and largest of the three checks, dated December 7, 2006, contained the notation "Trust Acct." in the memo line. (Refer to Exhibit 30). This account was zeroed out and closed on or about December 8, 2006.

155. During the closing months of 2006, many investors in the loan agreements received a form letter from Tzamalas' attorney. (See Exhibit 31). The letter stated "[m]r. Tzamalas has suffered severe financial misfortune which now makes it impossible for him to comply with the terms and conditions of the loan." (Refer to Exhibit 31).

156. Despite having sent several subpoenas to Tzamalas for the production of documents and on-the-record testimony, the Division has been unable to locate or make contact with Tzamalas.
ING's Failure to Properly Supervise Tzamalas


158. Tzamalas was registered in Massachusetts as an agent of WSSI or its successor firm ING from approximately July 10, 1996 until September 27, 2006.

159. Between January 1, 2000 and September 27, 2006 (the date of Tzamalas’ termination from ING), ING or WSSI conducted a series of five office inspections of Tzamalas’ Norwood, MA office.

160. Pursuant to ING’s written compliance policies and procedures, all registered representatives of the firm were required to make their business bank accounts available for review by ING supervisory personnel during office inspections.

161. On February 14, 2001, James Cooper (“Cooper”) conducted an office inspection at Tzamalas’ Norwood, MA office (the “2001 Inspection”). (See Exhibit 32).

162. The 2001 inspection was an announced inspection. (Refer to Exhibit 32).

163. Cooper did not make any notation on the 2001 inspection form that he examined any of Tzamalas’ business bank accounts. (Refer to Exhibit 32).

164. The 2001 inspection form does not contain any instruction requiring supervisors conducting inspections to examine a representative’s business bank account(s). (Refer to Exhibit 32).

165. The review letter accompanying the 2001 inspection form does not identify any deficiencies relating to any of Tzamalas’ business bank accounts. (Refer to Exhibit 32).

166. On October 14, 2002, Driscoll conducted an office inspection at Tzamalas’ Norwood, MA office (the “2002 Inspection”). (See Exhibit 33).
167. The 2002 inspection was an announced inspection. (Refer to Exhibit 33).

168. The 2002 inspection form does not contain any notation that Driscoll reviewed any of Tzamalas’ business bank accounts. (Refer to Exhibit 33).

169. On the 2002 inspection form, Driscoll indicated deficiencies with respect to his review of Tzamalas’ business bank accounts. (Refer to Exhibit 33).

170. On the 2002 inspection form, Driscoll indicated deficiencies with respect to Tzamalas’ maintenance of the required trade blotter. (Refer to Exhibit 33).

171. On the 2002 inspection form, Driscoll indicated deficiencies with respect to Tzamalas’ maintenance and compliance review of his incoming correspondence file. (Refer to Exhibit 33).

172. On the 2002 inspection form, Driscoll indicated that Tzamalas was in compliance with the checks/securities received record keeping requirements. The section also requires that the inspection personnel attach copies of the records to the inspection form for the current or past month. No copies were attached to the form. (Refer to Exhibit 33).

173. Pursuant to a subpoena ad testificandum, Driscoll appeared before the Division on December 21, 2006 to provide on-the-record testimony in connection with his supervision of Tzamalas.

174. Driscoll testified that Tzamalas refused to provide access to his bank records during the 2002 inspection.

175. Driscoll testified that Tzamalas informed him that his bank records were none of Driscoll’s business.

176. Driscoll testified that Tzamalas informed him that he had commingled business and personal transactions in his bank accounts.
177. Driscoll testified that Tzamalas refused to inform him of which banking institutions Tzamalas held accounts at.

178. Driscoll testified that he informed Tzamalas that he would be terminated if he did not provide access to the bank account records within twenty-four hours.

179. Upon completing the 2002 Inspection, Driscoll placed a telephone call to ING’s compliance department. Driscoll informed ING’s compliance department of Tzamalas’ refusal to provide access to the bank accounts and inquired whether Tzamalas could be terminated for such action. ING’s compliance department informed Driscoll that Tzamalas’ actions constituted a terminable offense.

180. Driscoll testified that ING’s compliance department did not provide any follow-up instructions or any order to place Tzamalas on heightened or special supervision following his refusal to provide access to the bank records.

181. On October 24, 2002, Driscoll sent Tzamalas a letter (the “2002 Deficiency Letter”) summarizing the deficiencies identified during the 2002 Inspection. (See Exhibit 34).

182. Among other deficiencies, the 2002 Deficiency Letter noted “Books & Records:
You have failed and have been reluctant to provide me with the bank records for your office. It is mandatory that I review, at minimum, the last two months’ bank statements to determine if any customer payments have been deposited to these accounts, if any checks have been written to customers, to determine if any unusual deposits or disbursements have been made, and to determine if you are maintaining check and receipt records as required. I know you were hesitant for me to review your personal business, but given the regulatory requirements and the fact that you have not separated your business and personal checking accounts, it cannot be avoided.” (Emphasis in original). (Refer to Exhibit 34).

184. In the 2002 Response Letter, Tzamalas addressed the "Books & Records" deficiency in the 2002 Deficiency Letter by stating "Books & Records: I have never failed or been reluctant to provide you with my bank records for my office as you stated in your letter. The fact of the matter is that I have not separated for 10 years now -and was never told to do so in prior inspections- my personal from my business bank records." (Emphasis in original). (Refer to Exhibit 35).

185. Upon information and belief, Tzamalas did not provide copies of his bank statements from the commingled account concurrently with his 2002 Response Letter.

186. Tzamalas' 2002 Response Letter was also carbon copied to Patrick Lewis, DVP, and Sarah Wisniewski, Field Compliance Analyst ("Wisniewski"). (Refer to Exhibit 35).

187. Driscoll testified that Patrick Lewis was a regional vice president for sales at ING and Driscoll's direct supervisor.

188. Driscoll testified that Wisniewski was his direct contact in ING's compliance department.

189. In a letter dated December 18, 2002 (the "December 18, 2002 Letter") and addressed to Driscoll, Tzamalas voluntarily provided copies of statements for his commingled personal checking account from August 15, 2002 through October 15, 2002. Tzamalas also provided copies of statements from a d/b/a account he had opened on or about October 15, 2002. (See Exhibit 36).

190. The December 18, 2002 Letter was also carbon copied to Wisniewski. (Refer to Exhibit 36).
191. Driscoll testified that the handwritten notations on the page of Exhibit 36 marked
ING000525 were made by him during his review of the statements. (Refer to Exhibit 36).

192. The bank records accompanying the December 18 2002 Letter included a copy of
a check from the commingled account in the amount of $18,000.00 payable to “Cash”. (Refer to
Exhibit 36).

193. The bank records accompanying the December 18 2002 Letter included a copy of
a bank check funded from the commingled account. This check was payable to the order of
“MTGA.” Upon information and belief, “MTGA” is the same Mohegan Tribal Gaming
Authority identified by Bank of America in ¶145 where Tzamalas had later forwarded additional
funds. (Refer to Exhibit 36 and Exhibit 25).

194. During the approximate eighteen-month period between the 2001 Inspection and
the 2002 Inspection, Tzamalas’ brokerage and insurance commissions deposited to his
commingled account amounted to approximately $363,704.97.

195. During the same eighteen-month period identified in ¶194, there were twenty five
deposits and wire transfers into Tzamalas’ commingled account totaling approximately
$309,777.49 which were not specifically identified as brokerage or insurance commissions.

196. Tzamalas’ CRD record reveals only “FIXED INS. PRODUCTS - DISABILITY
INSURANCE” identified as outside business activities.

197. Upon information and belief, at least several of the deposits identified in ¶195
reflected funds loaned to Tzamalas by ING clients between February 2001 and September 2002.

198. Tzamalas’ reluctance to provide access to the commingled bank account was
brought to the attention of several high-ranking individuals in ING’s compliance and legal
departments.
199. Driscoll testified that Tzamalas had been in the upper third of registered representatives in terms of production at ING.

200. Between the 2002 inspection and Tzamalas' disappearance in September 2006, ING, through Driscoll, conducted three additional inspections of Tzamalas' Norwood office. None of these inspections were unannounced.

201. Tzamalas' maintenance of the required securities / checks received blotter was identified as a repeat deficiency pursuant to inspections in both 2004 and 2005. (See Exhibit 37).

202. Driscoll testified that copies of all office inspection deficiency letters are sent to ING's compliance department as a matter of standard practice.

203. Driscoll testified that he never contacted any clients of any registered representative following an inspection to ascertain their satisfaction with the registered representative.

204. Upon information and belief, Tzamalas was never placed on any heightened or special supervision by ING.

205. Following the firm's receipt of knowledge of the loan agreements from Couple 1 in late September 2006, ING failed to promptly contact other clients of Tzamalas to ascertain if any other loans existed. Driscoll testified that ING delayed contacting clients of Tzamalas until the middle of December 2006.

206. Upon learning of the potential presence of unsecured client records in Tzamalas' office following his disappearance in late September 2006, ING failed to promptly inspect and secure his office and any documents, client account records, cash, securities, or other assets or personal information.
VII. VIOLATIONS OF SECURITIES LAWS

A. COUNT I – VIOLATION OF § 101

207. Section 101 of the Act provides in pertinent part:

It is unlawful for any person, in connection with the offer, sale, or purchase of any security, directly or indirectly

(1) to employ any device, scheme, or artifice to defraud,

(2) to make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading, or

(3) to engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person.

208. The Division herein re-alleges and restates the allegations and facts set forth in paragraphs 1 through 207 above.

209. The conduct of Respondent Tzamallas, as described above, constitutes a violation of M.G.L. c. 110A, § 101.

B. COUNT II – VIOLATION OF § 204(a)(2)(B)

210. Section 204(a)(2)(B) of the Act provides in pertinent part:

(a) The secretary may by order impose an administrative fine or censure or deny, suspend, or revoke any registration or take any other appropriate action if he finds (1) that the order is in the public interest and (2) that the applicant or registrant or, in the case of a broker-dealer or investment adviser, any partner, officer, or director, any person occupying a similar status or performing similar functions, or any person directly or indirectly controlling the broker-dealer or investment adviser:—

(B) has willfully violated or willfully failed to comply with any provision of this chapter or a predecessor chapter or any rule or order under this chapter or a predecessor chapter

211. The Division herein re-alleges and restates the allegations and facts set forth in paragraphs 1 through 210 above;
212. The conduct of Respondent Tzamalas, as described above, constitutes a violation of M.G.L. c. 110A, § 204(a)(2)(B).

C. COUNT III – VIOLATION OF § 204(a)(2)(G)

213. Section 204(a)(2)(G) of the Act provides in pertinent part:

(a) The secretary may by order impose an administrative fine or censure or deny, suspend, or revoke any registration or take any other appropriate action if he finds (1) that the order is in the public interest and (2) that the applicant or registrant or, in the case of a broker-dealer or investment adviser, any partner, officer, or director, any person occupying a similar status or performing similar functions, or any person directly or indirectly controlling the broker-dealer or investment adviser:—

(G) has engaged in any unethical or dishonest conduct or practices in the securities, commodities or insurance business;

214. Section 950 CMR 12.204(1)(b)(1) of the Regulations defines dishonest or unethical practices in the securities industry to include:

Engaging in the practice of lending and borrowing money or securities from a customer, or acting as a custodian for money, securities or an executed stock power of a customer.

215. The Division herein re-alleges and restates the allegations and facts set forth in paragraphs 1 through 214 above.

216. The conduct of Respondent Tzamalas, as described above, constitutes a violation of M.G.L. c. 110A, § 204(a)(2)(G).

D. COUNT IV – VIOLATION OF § 204(a)(2)(J)

217. Section 204(a)(2)(J) of the Act provides in pertinent part:

The secretary may by order deny, suspend, or revoke any registration if he finds (1) that the order is in the public interest and (2) that the applicant or registrant (J) has failed reasonably to supervise agents, investment adviser representatives or other employees to assure compliance with this chapter.

218. The Division herein re-alleges and restates the allegations and facts set forth in paragraphs 1 through 217 above.
219. The conduct of Respondent ING, as described above, constitutes a violation of M.G.L. c. 110A, § 204(a)(2)(J).

**VIII. STATUTORY BASIS FOR RELIEF**

220. **Violations, Cease and Desist Orders and Costs**

Section 407A(a) of the Act provides in pertinent part:

(a) If the secretary determines, after notice and opportunity for a hearing, that any person has engaged in or is about to engage in any act or practice constituting a violation of any provision of this chapter or any rule or order issued thereunder, he may order such person to cease and desist from such unlawful act or practice and may take affirmative action, including the imposition of an administrative fine, the issuance of an order for accounting, disgorgement or rescission or any other relief as in his judgment may be necessary to carry out the purposes of [the Act].

221. The Division herein re-alleges and restates the allegations and facts set forth in paragraphs 1 through 220 above.

222. Respondents directly and indirectly engaged in the acts, practices, and courses of business as set forth in this Complaint above and it is the Division’s belief that Respondents will continue to engage in acts and practices similar in subject and purpose which constitute violations if not ordered to cease and desist.

**IX. PUBLIC INTEREST**

For any and all of the reasons set forth above, it is in the public interest and will protect Massachusetts investors: 1) to require Respondent Tzamalas to cease and desist from further violations of the Act; 2) to require Respondent Tzamalas to provide an accounting of all proceeds which he received as a result of the loan arrangements and to provide rescission to and to fairly compensate investors for those losses attributable to the alleged wrongdoing; 3) to order Respondent Tzamalas to disgorge all profits and other direct or indirect remuneration received
from the alleged wrongdoing; 4) to revoke Respondent Tzamalas’ registration; 5) to impose an
administrative fine on Respondent Tzamalas in such amount and upon such terms and conditions as
the Director or Hearing Officer may determine; 6) to require Respondent ING to cease and desist
from further violations of the Act; 7) to require Respondent ING to provide an accounting of all
proceeds received by Tzamalas as a result of the loan arrangements and to provide rescission to and
to fairly compensate investors for those losses attributable to the alleged wrongdoing; 8) to impose
an administrative fine on Respondent ING in such amount and upon such terms and conditions as
the Director or Hearing Officer may determine; 9) to censure Respondent ING; and 10) to take
such further action which may be in the public interest and necessary and appropriate for the
protection of Massachusetts investors.

X. RELIEF REQUESTED

Wherefore, the Enforcement Section of the Division requests that the Director or Hearing Officer
take the following actions:

A. Find that all the sanctions and remedies as detailed herein are in the public interest and
necessary for the protection of Massachusetts investors;

B. Find as fact the allegations set forth in paragraphs 1 through 222, inclusive, of the
Complaint;

C. Order Respondent Tzamalas to cease and desist from further violations of the Act;

D. Order Respondent Tzamalas to provide an accounting of all proceeds which he received
as a result of the loan arrangements and to provide rescission to and to fairly compensate
investors for those losses attributable to the alleged wrongdoing;

E. Order Respondent Tzamalas to disgorge all profits and other direct or indirect
remuneration received from the alleged wrongdoing;
F. Revoke Respondent Tzamalas’ registration;

G. Impose an administrative fine on Respondent Tzamalas in such amount and upon such terms and conditions as the Director or Hearing Office may determine;

H. Order Respondent ING to cease and desist from further violations of the Act;

I. Order Respondent ING to provide an accounting of all proceeds received by Tzamalas as a result of the loan arrangements and to provide rescission to and to fairly compensate investors for those losses attributable to the alleged wrongdoing;

J. Impose an administrative fine on Respondent ING in such amount and upon such terms and conditions as the Director or Hearing Officer may determine;

K. Censure Respondent ING; and

L. Take such further action as may be in the public interest and necessary and appropriate for the protection of Massachusetts investors.

MASSACHUSETTS SECURITIES DIVISION
By its attorneys,

Anthony M. Drenzek, Esq.
Enforcement Section

Patrick J. Ahearn, Esq.
Chief of Enforcement

Massachusetts Securities Division
One Ashburton Place, Room 1701
Boston, Massachusetts 02108
(617) 727-3548

Dated: March 21, 2007
NOTICE OF ADJUDICATORY PROCEEDING

Please take notice that William Francis Galvin, Secretary of the Commonwealth, by his Securities Division (the "Division") is seeking to: 1) obtain a cease and desist order barring Respondent Tzamalas from further violating the Act; 2) obtain an order requiring Respondent Tzamalas to provide an accounting of all proceeds which he received as a result of the loan arrangements and to provide rescission to and to fairly compensate investors for those losses attributable to the alleged wrongdoing; 3) to obtain an order requiring Respondent Tzamalas to disgorge all profits and other direct or indirect remuneration received from the alleged wrongdoing; 4) to obtain an order revoking Respondent Tzamalas' registration; 5) to impose an administrative fine on Respondent Tzamalas in such amount and upon such terms and conditions as the Director or Hearing Officer may determine; 6) to obtain a cease and desist order barring Respondent ING from further violating the Act; 7) to obtain an order requiring Respondent ING to provide an accounting of all proceeds which were received by Tzamalas as a result of the loan arrangements and to provide rescission to and to fairly compensate investors for those losses attributable to the alleged wrongdoing; 8) impose an administrative fine on Respondent ING in
such amount and upon such terms and conditions as the Director or Hearing Officer may determine;  
9) to censure Respondent ING; and 10) to take such further action which may be in the public  
interest and necessary and appropriate for the protection of Massachusetts investors.

Respondent Tzamalas and Respondent ING Financial Partners, Inc. have the right to request an  
ajudicatory hearing at which they may show good cause why such an order and sanctions should  
not be entered. The adjudicatory proceeding is governed by Massachusetts General Laws, Chapter  
110A and by the Rules set forth in Title 950 of the Code of Massachusetts Regulations beginning at  
section 10.00.

The matters of fact and law in the proceeding are set forth in the Administrative Complaint,  
a copy of which is filed and served herewith.

In accordance with 950 CMR section 10.06(e), the Respondents must file an answer to each  
allegation set forth in the Administrative Complaint within twenty-one days after service upon  
Respondents. A respondent who fails to file a timely answer may be deemed to be in default, and  
the allegations of the Administrative Complaint may thereupon be accepted as true and the  
proceedings determined against the defaulting party by issuance of a final order.

WILLIAM FRANCIS GALVIN

SECRETARY OF THE COMMONWEALTH

Bryan J. Lantagne  
Director  
Massachusetts Securities Division  
One Ashburton Place, Room 1701  
Boston, Massachusetts 02108  
(617) 727-3548

Dated: March 21, 2007
COMMONWEALTH OF MASSACHUSETTS
OFFICE OF THE SECRETARY OF THE COMMONWEALTH
SECURITIES DIVISION
ONE ASHBURTON PLACE, ROOM 1701
BOSTON, MASSACHUSETTS 02108

IN THE MATTER OF:

PETER TZAMALAS &
ING FINANCIAL PARTNERS, INC.

Docket No. E-2006-0095

RESPONDENTS

CERTIFICATE OF SERVICE

I hereby certify under the pains and penalties of perjury that on this date I caused a true
and accurate copy of the attached Administrative Complaint and Notice of Adjudicatory
Proceeding to be served in the manner indicated on the parties listed below:

Christopher Cokinis, VP, CCO
ING Financial Partners, Inc.
909 Locust Street
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(via facsimile and certified mail)

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Anthony M. Drenzek, Esq.

Dated: March 21, 2007