

**COMMONWEALTH OF MASSACHUSETTS  
OFFICE OF THE SECRETARY OF THE COMMONWEALTH  
SECURITIES DIVISION  
ONE ASHBURTON PLACE, ROOM 1701  
BOSTON, MASSACHUSETTS 02108**

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IN THE MATTER OF: )  
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Edward Kooyomjian, Sr. )

) Docket No. 2010—0061  
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2011 AUG - 1 AM 11: 25  
SECURITIES DIVISION

**ADMINISTRATIVE COMPLAINT**

**I. PRELIMINARY STATEMENT**

The Enforcement Section (“Enforcement Section”) of the Massachusetts Securities Division of the Office of the Secretary of the Commonwealth (“Division”) files this administrative complaint (“Complaint”) in order to commence an adjudicatory proceeding against the above named individual for violating M.G.L. c. 110A of the Massachusetts Uniform Securities Act (“Act”) and 950 CMR 10.00 *et seq.* (“Regulations”). The Complaint alleges that Edward Kooyomjian, Sr. (“Respondent”): (1) engaged in fraudulent practices in the offer and sale of securities; (2) acted as an unregistered agent of a broker-dealer or issuer of securities; and (3) offered and sold unregistered and non-exempt securities in violation of the Act and its related regulations.

The Enforcement Section seeks an order requiring the: (1) Respondent to permanently cease and desist from further conduct in violation of the Act and its related Regulations; (2) Respondent to obtain an accounting of all securities sold to investors and offer rescission to compensate investors for those losses attributable to the Respondent’s alleged wrongdoing; (3) Respondent to pay an administrative fine in such amount and

upon such terms and conditions as the Director or Hearing Officer may determine; and (4) Director or Hearing Officer to take such further action against Respondent as may be deemed just and appropriate for the protection of Massachusetts investors.

## **II. SUMMARY**

This action arises out of the alleged wrongful conduct of Edward Kooyomjian, Sr., which resulted in numerous violations of the state securities Act. The conduct at the center of this Complaint occurred over a six year period and involved at least three known investors—referred to herein as Investor One, Investor Two and Investor Three. In each case, the Respondent relied upon his familial and ancestral connections to members of Worcester’s Armenian American community to gain the trust of unsuspecting investors. Once the Respondent developed the trust of potential investors, he would pressure these individuals to invest in one or more corporations that he had established to acquire parcels of land around the greater Worcester area. However, rather than using the funds to acquire and develop the properties, the Respondent misappropriated the funds to pay for lavish trips to the French Riviera<sup>1</sup> and to support habitual gambling trips to Mohegan Sun and Foxwoods Resort & Casino (“Foxwoods”).

In each case, the Respondent applied a similar scheme to defraud the three known investors out of a combined approximate total of \$794,850 dollars, resulting in either the complete or near complete depletion of each investor’s life savings.

### **A. Investors**

Investor One is an elderly widow with Alzheimer’s disease. Investor One’s late husband and the Respondent were former business associates and close friends. In 2003,

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<sup>1</sup> The Respondent’s bank account records reveal that he vacationed in such places as Nice, France, Saint Laurent, France and Monte Carlo, Monaco.

the Respondent approached Investor One and asked Investor One to invest in a corporation named Leicester Estates Corporation (“Leicester Estates”), which the Respondent had established to acquire and develop a parcel of land on Route 56 in Leicester, Massachusetts (“Leicester”). On March 31, 2003, Investor One purchased fifty (50) shares of Leicester Estates for approximately \$50,000 dollars. In 2004, the Respondent once again approached Investor One and asked Investor One to invest in another corporation named Grandview Shoppes of Leicester, Inc. (“Grandview Shoppes”). Over a period of five years, from 2004 until 2008, Investor One invested more than \$356,200 dollars in the Grandview Shoppes.

In 2009, Investor One’s daughter (“Daughter”) became increasingly concerned over her mother’s deteriorating mental condition and with the large sums of money being invested in the Respondent’s various real estate schemes. On May 19, 2009, Daughter was appointed as Investor One’s Guardian and soon commenced a private suit against the Respondent for the return of the full amount of Investor One’s investment. On July 29, 2009, the Worcester Division of the Probate and Family Court Department (“Worcester Court”) adjudged that the Respondent had commingled funds and used Investor One’s money for gambling purposes in violation of the fiduciary duties he owed to Investor One and to both Leicester Estates and Grandview Shoppes.

Investor Two is Investor One’s brother and an elder retiree. Investor Two was also defrauded of his entire life savings after investing in one of the Respondent’s real estate schemes. On or around February 10, 2006, the Respondent approached Investor Two and asked Investor Two to invest in 67 South Main Street Leicester Corporation

("Main Street"), a corporation that the Respondent established for the development of land located at 67 South Main Street in Leicester. On February 23, 2006, Investor Two purchased a treasurer's check and made it payable to the Respondent in the amount of \$105,000 dollars. On February 24, 2006, the Respondent deposited Investor Two's \$105,000 dollar check into a business checking account ("Contractor Account") that had a prior available balance of approximately three-hundred and eighty one (381) dollars. On February 26, 2006, two days after the Respondent deposited Investor Two's check, the Respondent drafted a check for \$1,000 dollars made payable to "MPGE"—which stands for Mashantucket Pequot Gaming Enterprises.<sup>2</sup>

Investor Three is a close friend of Investor Two and the third known victim of the Respondent's fraudulent scheme. Investor Three first learned of the Respondent's various real estate ventures through Investor Two. In June of 2006, the Respondent approached Investor Three and asked Investor Three to invest in a corporation named Domain Enterprises, Inc. ("Domain Enterprises"), which the Respondent had established to acquire and develop two separate properties in Sutton, Massachusetts. Over the course of the next two years, Investor Three wrote out nine checks to the Respondent's Contractor Account for an approximate total of \$234,750 dollars. During the same two year period between 2006 and 2008, the Respondent's bank account records for the Contractor Account indicate that the Respondent wrote at least forty-four (44) checks from the account to sustain his excessive gambling habits. The forty-four (44) checks totaled approximately \$73,500 dollars and all were made payable to "MPGE."

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<sup>2</sup> Mashantucket Pequot Gaming Enterprises is a private company owned and operated by the Mashantucket Pequot Tribal Nation that oversees, among other things, six casinos, three hotels, twenty four restaurants and a series of smaller retail shops.

### **B. Respondent's Wrongful Conduct**

By engaging in the conduct described herein, the Respondent violated Sections 101(1) through 101(3) of the Act, which prohibits fraudulent and deceptive acts or practices in connection with the offer or sales of securities. The Respondent's actions also resulted in violations of Section 201(a),(b) and 301 of the Act as a result of his failure to adhere to the relevant registration requirements of the Act. For these reasons, the Division seeks injunctive relief, rescission of all investment payments, an administrative fine and such further action against the Respondent as the Director or Hearing Officer may deem just and appropriate for the protection of Massachusetts investors.

### **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 offer, sale and purchase of securities; (2) those individuals offering and / or selling securities within the Commonwealth; and (3) those individuals transacting business as broker-dealer agents within the Commonwealth.

2. The Division brings this action pursuant to the enforcement authority conferred upon it by Section 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 related rules and regulations promulgated thereunder.

3. This proceeding is brought in accordance with Sections 101, 201, 301 and 407A of the Act and its related 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 on-going investigation.

#### **IV. RELEVANT TIME PERIOD**

5. Except as otherwise expressly stated, the conduct described herein occurred during the approximate time period of January 1, 2003 through the present.

#### **V. RESPONDENT**

6. "Edward Kooyomjian, Sr.," also referred to as the "Respondent," is an individual with a last known residential address of 16 Edward Street, West Boylston, MA 01583.

#### **VI. FACTUAL ALLEGATIONS**

7. Edward Kooyomjian, Sr. has never been registered with the Division as a broker-dealer, an investment advisor or in any other capacity in the securities industry in the Commonwealth.

8. Investor One is an elderly widow with a diagnosis of Alzheimer's disease.

9. Investor One's late husband and the Respondent were former business associates and close friends.

10. In 2003, the Respondent approached Investor One and asked Investor One to invest in a corporation named Leicester Estates Corporation ("Leicester Estates").

11. The Respondent established Leicester Estates to acquire and develop a parcel of land on Route 56 in Leicester, Massachusetts (“Leicester”). [Exhibit 1].
12. On March 31, 2003, Investor One purchased at least fifty (50) shares of Leicester Estates for approximately \$50,000 dollars.
13. In return for Investor One’s investment, Investor One received a four percent (4%) interest in Leicester Estates.
14. In 2004, the Respondent again approached Investor One and asked her to invest in another corporation named Grandview Shoppes of Leicester, Inc. (“Grandview Shoppes”).
15. The Respondent established Grandview Shoppes to acquire and develop a parcel of land along Route 56 in Leicester that was separate and distinct from the parcel of land acquired through Leicester Estates. [Exhibit 2].
16. The Respondent intended to develop Grandview Shoppes as a mixed-use development with both commercial and residential buildings. [Exhibit 2].
17. Over a period of five years, from 2004 through 2008, Investor One invested more than \$356,200 dollars in the Grandview Shoppes.
18. In return for Investor One’s \$356,200 dollar investment in Grandview Shoppes, Investor One received a sixty percent (60%) interest in Grandview Shoppes.

19. In 2009, Investor One's daughter became increasingly concerned over her mother's deteriorating mental condition and with the large sums of money being invested in the Respondent's various real estate schemes.
20. On May 19, 2009, Investor One's daughter was appointed as Investor One's Guardian.
21. On June 19, 2009, Investor One's private counsel conducted a deposition examination of the Respondent. [Exhibit 3].
22. During the Respondent's June 19, 2009 deposition, Investor One's private counsel asked the Respondent the following question: "But you deposited her money into your personal checkbook and used it for your personal expenses and gaming expenses." [Exhibit 1]. The Respondent replied, under oath: "Sure." [Exhibit 3].
23. On July 29, 2009, Investor One's daughter filed a Verified Complaint in Equity ("Probate Complaint") against the Respondent in the Worcester Division of the Probate and Family Court Department ("Worcester Court").
24. On September 15, 2009, the Respondent filed his Answer to the Probate Complaint.
25. On June 7 and 8, 2010, the Worcester Court conducted a two day trial to hear the merits of the Probate Complaint.



26. On October 31, 2010, the Worcester Court issued a judgment (“Probate Order”) against the Respondent ordering him to pay Investor One’s Guardian \$381,200 dollars within sixty (60) days for the benefit of Investor One.

27. In the Probate Order, the Worcester Court found that the Respondent had commingled funds in violation of the fiduciary duties he owed to Investor One and to both Leicester Estates and Grandview Shoppes.

28. In the Probate Order, the Worcester Court found that the Respondent had diverted Investor One’s money for personal use in violation of the fiduciary duties he owed to Investor One and to both Leicester Estates and Grandview Shoppes.

29. At present, the Respondent is the subject of at least one foreclosure proceeding after defaulting on the terms of the Probate Order.

30. Investor Two is Investor One’s brother and an elder retiree.

31. Investor Two was defrauded of his entire life savings after investing in at least one of the Respondent’s real estate corporations.

32. On or around February 10, 2006, the Respondent approached Investor Two and asked Investor Two to invest in 67 South Main Street Leicester Corporation (“Main Street”).

33. The Respondent established Main Street corporation for the development of a parcel of land located at 67 South Main Street in Leicester. [Exhibit 4].

34. On February 23, 2006, Investor Two purchased a treasurer's check and made the check payable to the Respondent in the amount of \$105,000 dollars.

35. On February 26, 2006, two days after the Respondent deposited Investor Two's check representing Investor Two's share of his investment in the Main Street corporation, the Respondent wrote a check for \$1,000 dollars and made it payable to "MPGE."

36. "MPGE" is the initialism for Mashantucket Pequot Gaming Enterprises, a private corporation that owns and operates Foxwoods Resort & Casino ("Foxwoods").

37. Between February 26, 2006 and May 31, 2006, the Respondent visited Mohegan Sun and Foxwoods more than forty-three (43) times.

38. Between February 26, 2006 and May 31, 2006, the Respondent wrote out at least thirteen (13) checks to "MPGE" from the Contract Account totaling approximately \$17,000 dollars.

39. Investor Three is a close friend of Investor Two and first learned of the Respondent's various real estate ventures through Investor Two.

40. In June of 2006, the Respondent approached Investor Three and asked Investor Three to invest in a corporation named Domain Enterprises, Inc. ("Domain Enterprises").

41. The Respondent established Domain Enterprises to acquire and develop two separate properties: (a) a parcel of land located at 489 Central Turnpike ("Blue Jay Restaurant") in Sutton, Massachusetts; and (b) a parcel of undeveloped land located on Bond Hollow Road ("Bond Hollow") in Sutton, Massachusetts ("Sutton"). [Exhibit 5].

42. Between September of 2006 and June of 2008, Investor Three wrote at least nine checks to the Respondent for an approximate total of \$234,750 dollars.

43. The Respondent deposited all nine of Investor Three's checks into a business checking account ("Contractor Account").

44. In return for his investment, Investor Three received a stock certificate reflecting Investor Three's ownership of 5,000 shares of Domain Enterprises stock. [Exhibit 6].

45. Investor Three's \$234,750 dollar investment garnered him a fifty percent (50%) interest in the Blue Jay Restaurant and an unspecified interest Bond Hollow land.

46. During the same period of time between September of 2006 and June of 2008, the Respondent wrote at least forty-four (44) checks from the Contractor Account that were made payable to "MPGE." The forty-four (44) checks made payable to "MPGE" totaled approximately \$73,500 dollars.

47. The Respondent's bank account records from the Contractor Account also indicate that between September of 2006 and June of 2008, the Respondent made at least three trips to the French Riviera.

48. The Respondent's bank account records from the Contractor Account further indicate that between September of 2006 and June of 2008, the Respondent made at least thirty-seven (37) ATM withdrawals from the Contractor Account totaling approximately \$28,569 dollars.

49. Moreover, the Respondent's bank account records from the Contractor Account indicate that the Respondent made at least one trip to Las Vegas and withdrew more than \$1,000 dollars in a two-day period.

50. In addition to the transactions detailed herein, the Respondent's bank account records indicate that the Respondent commingled and diverted other funds from his various bank accounts between January 1, 2003 and the present date.

## **VII. VIOLATIONS OF THE MASSACHUSETTS UNIFORM SECURITIES ACT**

### **A. Count 1: Violation of Section 101(1)**

51. Section 101(1) 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 . . ." MASS. GEN. LAWS ch. 110A § 101(1).

52. The Division herein restates and re-alleges the facts and allegations set forth in paragraphs 1 through 50 above.

53. The conduct of Respondent, as described above, constitutes a violation of M.G.L. c. 110A § 101(1).

### **B. Count 2: Violation of Section 101(2)**

54. Section 101(2) provides, in pertinent part:

It is unlawful for any person, in connection with the offer, sale, or purchase of any security, directly or indirectly . . . (2) to make any untrue statement of 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 . . .

MASS. GEN. LAWS ch. 110A § 101(2).

55. The Division herein restates and re-alleges the facts and allegations set forth in paragraphs 1 through 50 above.

56. The conduct of Respondent, as described above, constitutes a violation of M.G.L. c. 110A § 101(2).

**C. Count 3: Violation of Section 101(3)**

57. Section 101(3) provides, in pertinent part: "It is unlawful for any person, in connection with the offer, sale, or purchase of any security, directly or indirectly . . . (3) to engage in any act, practice or course of business which operates or would operate as a fraud or deceit upon any person."

MASS. GEN. LAWS ch. 110A § 101(3).

58. The Division herein restates and re-alleges the facts and allegations set forth in paragraphs 1 through 50 above.

59. The conduct of Respondent, as described above, constitutes a violation of M.G.L. c. 110A § 101(3).

**D. Count 4: Violation of Section 201(a) and 201(b)**

60. Section 201(a) provides, in pertinent part: "(a) It is unlawful for any person to transact business in this commonwealth as a broker-dealer or agent unless he is registered under this chapter." MASS. GEN. LAWS ch. 110A § 201(a).

61. Section 201(b) provides, in pertinent part:

It is unlawful for any broker-dealer or issuer to employ an agent unless the agent is registered. The registration of an agent is not effective during any period when he is not associated with a particular broker-dealer registered under this chapter or a particular issuer. When an agent begins or

terminates a connection with a broker-dealer or issuer, or begins or terminates those activities which make him an agent, the agent as well as the broker-dealer or issuer shall promptly notify the secretary.

MASS. GEN. LAWS ch. 110A § 201(b).

62. Section 401(c) provides, in pertinent part: “(c) ‘Broker-dealer’ means any person engaged in the business of effecting transactions in securities for the account of others or for his own account.” MASS. GEN. LAWS ch. 110A § 401(c).

63. Section 401(b) provides, in pertinent part: “(b) ‘Agent’ means any individual other than a broker-dealer who represents a broker-dealer or issuer in effecting or attempting to effect purchases or sales of a securities.” MASS. GEN. LAWS ch. 110A § 401(b).

64. The Division herein restates and re-alleges the facts and allegations set forth in paragraphs 1 through 50 above.

65. The conduct of Respondent, as described above, constitutes a violation of M.G.L. c. 110A § 201(a).

#### **E. Count 5: Violation of Section 301**

66. Section 301 provides, in pertinent part: “It is unlawful for any person to offer or sell any security in the commonwealth unless:—(1) the security is registered under this chapter; (2) the security or transaction is exempted under section 402; or (3) the security is a federal covered security. MASS. GEN. LAWS ch. 110A § 301.

67. The Division herein restates and re-alleges the facts and allegations set forth in paragraphs 1 through 50 above.

68. The conduct of Respondent, as described above, constitutes a violation of M.G.L. c. 110A § 301.

### **VIII. STATUTORY BASIS FOR SECURITIES DIVISION'S ACTION**

Section 407A of the Act, entitled Violations; Cease and Desist Orders; Costs, 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 lawful 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 purposes of [the Act].

MASS. GEN. LAWS ch. 110A § 407A(a).

### **IX. PUBLIC INTEREST**

For any and all of the reasons set forth above, it is in the public interest and will protect Massachusetts investors to enter an Order requiring the: (1) Respondent to permanently cease and desist from further conduct in violation of the Act and its related Regulations of the Commonwealth; (2) Respondent to provide an accounting of all proceeds which Respondent received as a result of the alleged wrongful conduct; (3) Respondent to provide rescission to, and fairly compensate, all investors for those losses attributable to Respondent's wrongful conduct; (4) Respondent to pay an administrative fine in an amount and upon such terms and conditions as the Director or Hearing Officer may determine; and (5) Director or Hearing Officer to take such further action against Respondent, which may be deemed just 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 as fact all allegations set forth in paragraphs 1 through 68 inclusive of the Complaint;

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

C. Enter a permanent Order against the Respondent ordering him to cease and desist from further violations of the Act and its related Regulations;

D. Obtain an accounting of all securities sold to investors and offer rescission to compensate investors for those losses attributable to the Respondent's alleged wrongdoing;

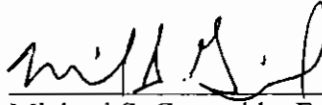
E. Impose an administrative fine on Respondent in such amount and upon such terms and conditions as the Director or Hearing Officer may determine; and

F. Take such further action against Respondent as may be deemed just and appropriate for the protection of Massachusetts investors.



**MASSACHUSETTS SECURITIES DIVISION  
ENFORCEMENT SECTION**

By its attorneys,



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Dated: August 1, 2011