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**Award**  
**NASD Dispute Resolution**

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In the Matter of the Arbitration Between:

Name of the Claimant  
Rupender Lokareddy

Case Number: 03-03680

Names of the Respondents  
Fahnestock & Co., Inc.  
Jack Man

Hearing Site: Orlando, Florida

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Nature of the Dispute: Customer vs. Member and Associated Person.

**REPRESENTATION OF PARTIES**

For Rupender Lokareddy, hereinafter referred to as "Claimant": Randell W. Henley, Esq., West Palm Beach, Florida.

For Fahnestock & Co., Inc. ("Fahnestock") and Jack Man ("Man") hereinafter collectively referred to as "Respondents": Michael Schwartzberg, Esq., Winget, Spadafora & Schwartzberg, LLP, New York, New York.

**CASE INFORMATION**

Statement of Claim filed on or about: May 21, 2003.

Claimant signed, but did not date, the Uniform Submission Agreement.

Statement of Answer filed by Respondents on or about: November 28, 2003.

Respondents did not file signed Uniform Submission Agreements.

Motion to Change Venue filed by Claimant on or about: March 24, 2004.

**CASE SUMMARY**

Claimant asserted the following causes of action: 1) unauthorized transactions; 2) breach of fiduciary duty; 3) negligence; and, 4) failure to supervise. The causes of action relate to the failure to sell various stocks, including, but not limited to, Tenet Healthcare in Claimant's account.

Unless specifically admitted in their Answer, Respondents denied the allegations made in the Statement of Claim and asserted various affirmative defenses.

**RELIEF REQUESTED**

Claimant requested compensatory damages in the amount of \$450,000.00.

Respondents requested that the Statement of Claim be dismissed in its entirety, that all forum fees be

assessed against Claimant and an award of costs and attorneys' fees. In addition, Respondents' requested that the Panel enter an order expunging this matter from the NASD Central Registration Depository (the "CRD") records of Respondents.

### **OTHER ISSUES CONSIDERED AND DECIDED**

Respondents did not file with NASD Dispute Resolution properly executed submissions to arbitration but are required to submit to arbitration pursuant to the NASD Code of Arbitration Procedure (the "Code") and, having answered the claim, appeared and testified at the hearing, are bound by the determination of the Panel on all issues submitted.

On or about March 30, 2004, the Panel issued an Order that denied Claimant's Motion to Change Venue.

The parties have agreed that the Award in this matter may be entered in counterpart copies or that a signed handwritten Award may be entered.

### **AWARD**

After considering the pleadings, the testimony and evidence presented at the hearing, the Panel has decided in full and final resolution of the issues submitted for determination as follows:

The Panel unanimously finds the Statement of Claim without merit or basis in fact and it is denied in its entirety.

The Respondents' request for reimbursement, by Claimant, for all attorney's fees and expenses is granted by the Panel, limited to those fees directly related to the preparation and presentation of this case. This endorsement is based on the findings of the Panel that the claim is totally without merit and was pursued by the Claimant in "Bad Faith". The amount of attorney's fees and expenses to be paid to Respondents by Claimant shall be determined by a court of competent jurisdiction.

The Panel makes the finding that expungement of all negative or derogatory information pertaining to this matter contained in Respondent Man's NASD CRD record is fully warranted.

Pursuant to Rule 2130, the Panel makes the affirmative finding that Respondent Man was not involved in the alleged investment-related sales practice violation, misappropriation or conversion of funds and that the claim allegation is false. Therefore, the Panel recommends the expungement of all reference to the above captioned arbitration from Respondent Man's registration records maintained by the NASD CRD, with the understanding that pursuant to NASD Notices to Members 04-16, Respondent Man must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive.

Unless specifically waived in writing by the NASD, parties seeking judicial confirmation of an arbitration award containing expungement relief must name NASD as an additional party and serve NASD with all appropriate documents.

Any and all claims for relief not specifically addressed herein, are denied

### **FEES**

Pursuant to the Code, the following fees are assessed:

#### **Filing Fees**

NASD Dispute Resolution will retain or collect the non-refundable filing fees for each claim:

Initial claim filing fee = \$ 300.00

#### **Member Fees**

Member fees are assessed to each member firm that is a party in these proceedings or to the member firm that employed the associated person at the time of the events giving rise to the dispute. Accordingly, Respondent Fahnstock is a party to this dispute and was a member of NASD at the time the following fees were assessed:

Member surcharge	= \$ 1,700.00
Pre-hearing process fee	= \$ 750.00
Hearing process fee	= \$ 2,750.00
Total Member Fees	= \$ 5,200.00

#### **Adjournment Fees**

Adjournments granted during these proceedings for which fees were assessed:

The following adjournment fees are assessed:

October 13 – 15, 2004, adjournment requested by Claimant	= \$1,125.00
November 9 – 11, 2005, adjournment requested by Claimant	= \$1,500.00

The Panel has assessed the total adjournment fees of 2,625.00 to Claimant.

#### **Three-Day Cancellation Fees**

Fees apply when a hearing on the merits is postponed or settled within three business days before the start of a scheduled hearing session:

Cancellation fees were assessed in this matter.

Cancellation of hearings scheduled for November 9 – 11, 2005	= \$ 300.00
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The Panel has assessed the total cancellation fee of \$300.00 to Claimant.

#### **Injunctive Relief Fees**

Injunctive relief fees are assessed to each member or associated person who files for a temporary injunction in court. Parties in these cases are also assessed arbitrator travel expenses and costs when an arbitrator is required to travel outside his or her hearing location and additional arbitrator

honoraria for the hearing for permanent injunction. These fees, except the injunctive relief surcharge, are assessed equally against each party unless otherwise directed by the panel.

No injunctive relief fees were incurred during this proceeding.

**Forum Fees and Assessments**

The Panel has assessed forum fees for each session conducted. A session is any meeting between the parties and the arbitrators, including a pre-hearing conference with the arbitrators, that lasts four (4) hours or less. Fees associated with these proceedings are:

Two (2) Pre-hearing sessions with a single arbitrator @ \$450.00	= \$ 900.00
Pre-hearing conferences: April 22, 2005	1 session
July 15, 2005	1 session
Two (2) Pre-hearing sessions with the Panel @ \$1,125.00	= \$2,250.00
Pre-hearing conferences: December 1, 2003	1 session
January 27, 2005	1 session
Four (4) Hearing sessions with the Panel @ \$1,125.00	= \$4,500.00
Hearing Dates: October 25, 2006	2 sessions
October 26, 2006	2 sessions
Total Forum Fees	= \$7,650.00

The Panel has assessed the total forum fees of \$7,650.00 to Claimant.

**Administrative Costs**

Administrative costs are expenses incurred due to a request by a party for special services beyond the normal administrative services. These include, but not limited to, additional copies of arbitrator awards, copies of audio transcripts, retrieval of documents from archives, interpreters, and security.

No administrative costs were incurred during this proceeding.

**Fee Summary**

Claimant is solely liable for:

Initial Filing Fee	= \$ 300.00
Adjournment Fees	= \$ 2,625.00
Cancellation Fee	= \$ 300.00
Forum Fees	= \$ 7,650.00
Total Fees	= \$ 10,875.00
Less payments	= \$ 1,425.00
Balance Due NASD Dispute Resolution	= \$ 9,450.00

**Respondent Fahnestock is solely liable for:**

Member Fees	= \$ 5,200.00
Total Fees	= \$ 5,200.00
Less payments	= \$ 5,200.00
Balance Due NASD Dispute Resolution	= \$ 0.00

All balances are payable to NASD Dispute Resolution and are due upon receipt pursuant to Rule 10330(g) of the Code.

**ARBITRATION PANEL**

*Barney O. Spurlock, Jr.* - *Public Arbitrator, Presiding Chairperson*  
*Lynn E. Wagner, Esq.* - *Public Arbitrator*  
*Robert S. Natiss* - *Non-Public Arbitrator*

### **Concurring Arbitrators' Signatures**

/s/  
Barney O. Spurlock, Jr.  
Public Arbitrator, Presiding Chairperson

10/31/06  
Signature Date

/s/  
Lynn E. Wagner, Esq.  
Public Arbitrator

11/01/06  
Signature Date

/s/  
Robert S. Natiss  
Non-Public Arbitrator

10/31/06  
Signature Date

11/02/06  
Date of Service (For NASD Dispute Resolution office use only)

NASD Dispute Resolution

Arbitration No. 03-03080

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Respondent Fahnestock is solely liable for:

<u>Member Fees</u>	= \$ 5,200.00
<u>Total Fees</u>	= \$ 5,200.00
<u>Less payments</u>	= \$ 5,200.00
<u>Balance Due NASD Dispute Resolution</u>	= \$ 0.00

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Public Arbitrator, Presiding Chairperson

Lynn E. Wagner, Esq.

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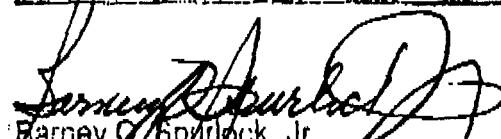
Public Arbitrator

Robert S. Natiss

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NASD Dispute Resolution  
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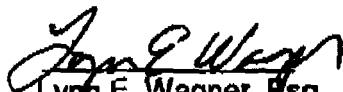
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