

N.A.S.D. REGULATION AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS REGULATION

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In the Matter of the Arbitration Between

Name of Claimant

Mangaraju Kolluru, M.D.

95-03709

Name of Respondent

Syed Ahsan Naqvi

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REPRESENTATION

Claimant Mangaraju Kolluru ("Claimant") appeared *pro se*.

Respondent Syed Ahsan Naqvi ("Respondent") was represented by Vincent M. Lentini, Esq., Doros & Brescia, New York, NY.

CASE INFORMATION

The Statement of Claim was filed on August 1, 1995.

Claimant's Submission Agreement was signed on August 3, 1995.

The Statement of Answer was filed by Respondent on October 24, 1996.  
Respondent did not file an executed agreement to arbitrate.

HEARING INFORMATION

Hearing Date/Sessions: October 31, 1996/one session

Hearing Location: Raleigh Plaza Hotel  
Raleigh, NC

CASE SUMMARY

Claimant alleged, among other things, that he was contacted by Respondent in April 1994 about investments in National Health & Safety Corporation ("NHSC"). Claimant alleged that Respondent failed to provide a prospectus or any written material concerning this investment. Claimant alleged that Respondent was informed that Claimant did not have the cash for the investment and that it would have to be borrowed from a credit union. Claimant alleged that Respondent informed Claimant that Claimant should post date the check and send it to Respondent and Respondent then sent Federal Express to pick up the check. Claimant alleged that Respondent deposited the check without waiting for the date as written on the check. Claimant alleged that Claimant sent, via wire transfer, \$25,000.00 directly to NHSC. Claimant alleged that on several occasions Claimant attempted to get information on NHSC from

Respondent but Respondent failed to provide any information. Claimant alleged that on August 18, 1994, Claimant wrote Respondent a letter requesting that Claimant's funds in the amount of \$25,000.00 be returned to Claimant. Claimant alleged that in January 1995 he received a copy of Private Placement information on NHSC and, upon reading the materials, determined that Claimant did not meet the criteria for the investment. Claimant alleged that he again requested that his investment be returned but the funds have never been returned.

Respondent denied each and every allegation asserted in the Statement of Claim. Respondent maintained that Claimant was provided a copy of the private placement memorandum of NHSC prior to authorizing the investment. Respondent maintained that Claimant was, and still is, an "accredited investor" as that term is defined in Rule 501(a) of Regulation D of the Securities Act of 1933. Respondent maintained that a subscription agreement was sent to Claimant for his execution and return. Respondent maintained that the executed subscription agreement was never returned to Respondent and Claimant dealt directly with NHSC and not Respondent. Respondent maintained that the claim is a request for rescission against NHSC and not Respondent.

#### **RELIEF REQUESTED**

Claimant requested a return of his \$25,000.00 investment; six percent (6%) interest and the costs of this arbitration.

Respondent requested that the Statement of Claim be dismissed in its entirety.

#### **OTHER ISSUES CONSIDERED & DECIDED**

The parties have agreed that a handwritten, signed Award may be entered. In this case, the parties have agreed to receive a conformed copy of the Award while the original remains on file with the NASD. >

The arbitrator considered Respondent's Request to file a late answer and Claimant's response thereto, and granted the Request.

#### **AWARD**

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

1. Respondent is liable to and shall pay to Claimant the sum of \$12,500.00 plus six percent simple interest (6%) from August 1, 1995 until the Award is paid.
2. Each party shall pay its own costs and expenses.
3. That any relief not specifically addressed herein is denied.

**FORUM FEES**

Pursuant to Rule 10332(c) (formerly Section 43) of the Code of Arbitration Procedure, the following Forum Fees are assessed:

1 session x \$300.00 = \$300.00

Forum Fees are assessed against in equal amounts to Claimant and Respondent. Respondent is liable to and shall reimburse Claimant for \$150.00, or one-half (fifty percent) of the \$300.00 hearing session deposit Claimant previously submitted to the NASD Regulation.

Fees are payable to the National Association of Securities Dealers Regulation, Inc.

**DATE**

**ARBITRATOR'S SIGNATURE**

10/18/96

Arne Hovdesven

Arne Hovdesven, Presiding  
Public Arbitrator

Date Decision Served by NASD Regulation: November 26/1996