

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant

Anil Kapur

96-01678

Name of Respondents

Morgan Stanley & Co., Inc.
Sohan Aggarwal

CASE SUMMARY

In a claim filed with the National Association of Securities Dealers, Inc. on April 18, 1996, Claimant Anil Kapur ("Claimant"), who appeared Pro Se, alleged that in November of 1994, Respondent Morgan Stanley & Co., Inc. ("MSC") through its representative, Respondent Sohan Aggarwal ("Aggarwal"), strongly recommended that he purchase 10,000 shares of Xerographic Laser Images Corporation ("XLIC") which he followed to his detriment. Claimant further alleged that his December account statement from MSC indicated that XLIC had a considerable decline in value. Claimant also alleged that Aggarwal informed him that XLIC was a sound investment with high returns according to the research and recommendation of MSC. Claimant contended that the sharp decline in value implies that there could have been a possible misrepresentation of facts. Claimant further contended that as a result of the above, he has suffered a loss for which the Respondents should be held liable.

Respondent Morgan Stanley through its representative and in-house counsel, Charles Chasin, maintained that it was the clearing broker for an account that Claimant held with Alaron Securities Corporation. Respondent further maintained that it did not participate in any of the investment decision-making for the account and never spoke with Claimant. Respondent also maintained that it conducted clearing services for Alaron limited to clerical and mechanical functions. Respondent contended that it never published research on XLIC, never recommended the stock, and knows nothing of Claimant's purchase. Respondent further contended that Claimant purchased the stock through Aggarwal and Global Securities. Respondent also contended that it supplied account statements to Claimant and nothing more. Respondent asserted that as a result of the above, it should not be held liable.

Respondent Sohan Aggarwal, who appeared Pro Se, maintained that Claimant purchase the XLIC shares in the first quarter of 1994, while he was associated with Thomas James & Associates. Respondent further maintained that upon purchase he supplied Claimant with a description of the company's business, the 52 week high and low, the current price, financial data and the speculative nature of the investment. Respondent also maintained that he later became associated with Global Strategies Group who cleared transactions through MSC. Respondent contended that Claimant transferred his account to Global. Respondent further contended that Claimant is a knowledgeable investor with many years experience and was well informed regarding the status of his account. Respondent also contended that as a result of the above, he should not be held liable.

RELIEF REQUESTED

Claimant Anil Kapur requested \$8,150.00 in actual damages plus 7.5% interest.

Respondent Morgan Stanley & Co. requested that the claims be dismissed and that costs be assessed against the Claimant.

Respondent Sohan Aggarwal requested that the claims be dismissed.

AWARD

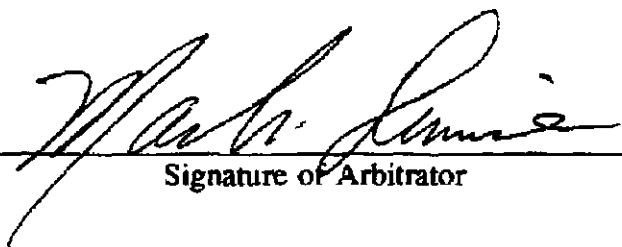
Pursuant to Section 10302 of the NASD, Inc. Code of Arbitration Procedure, a single Public Arbitrator, Maurice R. Dunie, Esq., was selected to review the matter in controversy between the parties set forth in submissions to Arbitration signed by the Claimant on April 16, 1996, by Respondent Morgan Stanley & Co. on May 7, 1996 and by Respondent Sohan Aggarwal on July 5, 1996.

And, the Arbitrator, having considered the proof of the parties, has decided and determined in full and final resolution of the issues submitted for determination as follows:

1. The claims of the Claimant Anil Kapur against Respondents Morgan Stanley & Co., Inc. and Sohan Aggarwal are denied in their entirety.
2. The parties shall bear their respective costs.
3. The \$150.00 filing fee previously deposited with the National Association of Securities Dealers, Inc. by the Claimant shall be retained by the NASD, Inc.
4. All other relief requests are denied.

AFFIRMATION

I, **MAURICE DUNIE, ESQ.**, do hereby affirm upon my oath as arbitrator that I am the individual described herein and who executed this instrument, which is my oath and award.



Signature of Arbitrator

DATE OF DECISION: **October 8, 1996**