

Award
FINRA Dispute Resolution Services

In the Matter of the Arbitration Between:

Claimant

Purshe Kaplan Sterling Investments, Inc.,
Individually and as Assignee of the Claims of
Saginaw Chippewa Indian Tribe of Michigan
Against Gopi K. Vungarala

Case Number: 19-03153

vs.

Respondents

Gopi K. Vungarala and Trevor S. Sutterfield

Hearing Site: Detroit, Michigan

Awards are rendered by independent arbitrators who are chosen by the parties to issue final, binding decisions. FINRA makes available an arbitration forum—pursuant to rules approved by the SEC—but has no part in deciding the award.

Nature of the Dispute: Member vs. Associated Persons

REPRESENTATION OF PARTIES

For Claimant Purshe Kaplan Sterling Investments, Inc., Individually (“PKS Investments”) and as Assignee of the Claims of Saginaw Chippewa Indian Tribe of Michigan Against Gopi K. Vungarala (“Assignee PKS”) (collectively “PKS”): Lewis S. Fischbein, Esq., Lewis S. Fischbein, P.C., Riverdale, New York and Devin W. Bone, Esq. Paesano Akkashian Apkarian, PC, Bloomfield Hills, Michigan.

Respondent Trevor S. Sutterfield (“Sutterfield”) did not appear.

Respondent Gopi K. Vungarala (“Vungarala”) did not appear.

CASE INFORMATION

Statement of Claim filed on or about: December 9, 2019.

Amended Statement of Claim filed on or about: April 16, 2020.

Corrected Amended Statement of Claim filed on or about: April 23, 2020.

PKS signed the Submission Agreement: October 18, 2019.

Sutterfield did not file a Statement of Answer or sign the Submission Agreement.

Vungarala did not file a Statement of Answer or sign the Submission Agreement.

CASE SUMMARY

In the Corrected Amended Statement of Claim, PKS asserted the following causes of action: misrepresentations and omissions of material facts in connection with the sale of securities – commissions fraud; misrepresentations and omissions of material facts in connection with the sale of securities – volume discounts fraud; common law fraud; RICO violations – Section 1962(c); breach of indemnity provisions; breach of common law indemnity; unjust enrichment; breach of fiduciary duty; and breach of contract. The causes of action related to PKS's allegation that Vungarala was barred from association with any FINRA member in any capacity, as a result of false and misleading statements made to Saginaw Chippewa Indian Tribe of Michigan. PKS further alleged that, pursuant to the terms of an Independent Contractor Agreement and Security Sales Agreement for Registered Representative, Vungarala is liable for amounts paid and to be paid under an arbitration settlement and FINRA Order Accepting Settlement Offer.

RELIEF REQUESTED

In the Corrected Amended Statement of Claim, PKS requested that the Panel:

- A. Make findings of fact and conclusions of law that Vungarala committed the misconduct charged in the Corrected Amended Statement of Claim;
- B. Award to PKS Investments \$14,029,656.00 in compensatory damages, such damages to be trebled under RICO, 18 U.S.C. § 1964(c), for a total of \$42,088,968.00 in RICO treble damages, together with pre-judgment interest/pre-award interest, also to be trebled under RICO;
- C. Award to PKS Investments punitive damages in the amount of \$14,029,656.00;
- D. Award to Assignee PKS \$6,838,217.00 in compensatory damages, such damages to be trebled under RICO, 18 U.S.C. § 1964(c), for a total of \$20,514,651.00 in RICO treble damages, together with pre-judgment interest/pre-award interest, also to be trebled under RICO;
- E. Award to Assignee PKS punitive damages in the amount of \$6,838,217.00;
- F. Order that Vungarala be assessed and bear PKS' filing fees, member fees, hearing session fees, any other arbitration fees, and attorneys' fees; and
- G. Award to PKS such other and further relief as the Arbitrator deems just and proper.

OTHER ISSUES CONSIDERED AND DECIDED

The Arbitrator acknowledges having read the pleadings and other materials filed by the parties.

Vungarala and Sutterfield did not file a Statement of Answer or properly executed Submission Agreement but are required to submit to arbitration pursuant to the Code of Arbitration Procedure ("Code").

On April 1, 2021, Claimant filed a notice of dismissal with prejudice for Sutterfield. Therefore, the Arbitrator made no determination with respect to any of the relief requests related to Sutterfield.

The Arbitrator determined that Vungarala was served with the Claim Notification letter dated December 10, 2019 by regular mail and the Overdue Notice (including the Statement of Claim) dated April 1, 2021 by regular and FedEx mail, as evidenced by the FedEx tracking information available online. The Arbitrator also determined that Vungarala was served with the Notification of Arbitrator dated April 27, 2021 by regular mail.

The Claim Notification letter notified Vungarala that FINRA rules require parties to use the online DR Portal on a mandatory basis (except pro se investors) and that failure to register for the DR Portal will prevent the submission of pleadings, selection of arbitrators, and receipt of notification relating to case information and deadlines. Vungarala failed to register for the DR Portal.

The Arbitrator determined that Vungarala is, therefore, bound by the Arbitrator's ruling and determination.

On April 16, 2021, Claimant filed a Request for Default Proceedings against Vungarala pursuant to Rule 12801 of the Code ("Request for Default").

Pursuant to Rule 12801 of the Code, the Chairperson appointed in this matter became the sole arbitrator to consider the Request for Default.

AWARD

After considering the pleadings and Claimant's submissions, the Arbitrator has decided in full and final resolution of the issues submitted for determination as follows:

1. Vungarala is liable for and shall pay to PKS Investments the sum of \$14,029,656.00 in compensatory damages.
2. Vungarala is liable for and shall pay to PKS Investments interest on the above-stated compensatory damages sum pursuant to MCL § 600.6013(8).
3. Vungarala is liable for and shall pay to Assignee PKS the sum of \$6,838,217.00 in compensatory damages.
4. Vungarala is liable for and shall pay to Assignee PKS interest on the above-stated compensatory damages sum pursuant to MCL § 600.6013(8).
5. Vungarala is liable for and shall pay to PKS the sum of \$2,500.00 to reimburse PKS for the non-refundable portion of the filing fee previously paid to FINRA Dispute Resolution Services.
6. Any and all claims for relief not specifically addressed herein, including any requests for punitive damages, treble damages, and attorneys' fees, are denied.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

FINRA Dispute Resolution Services assessed a filing fee* for each claim:

Initial Claim Filing Fee	=\$ 4,000.00
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**The filing fee is made up of a non-refundable and a refundable portion.*

Member Fees

Member fees are assessed to each member firm that is a party in these proceedings or to the member firm(s) that employed the associated person(s) at the time of the event(s) giving rise to the dispute. Accordingly, as a party, PKS Investments is assessed the following:

Member Surcharge	=\$ 4,025.00
Member Process Fee	=\$ 7,000.00

Hearing Session Fees and Assessments

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

Decision on the papers:	=\$ 300.00
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Total Hearing Session Fees	=\$ 300.00

The Arbitrator has assessed the total paper decision fee to Vungarala.

All balances are payable to FINRA Dispute Resolution Services and are due upon receipt.

ARBITRATOR

Jeffry M. Bauer

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Sole Public Arbitrator

I, the undersigned Arbitrator, do hereby affirm that I am the individual described herein and who executed this instrument, which is my award.

Arbitrator's Signature

Jeffry M. Bauer

Jeffry M. Bauer
Sole Public Arbitrator

06/07/2021

Signature Date

Awards are rendered by independent arbitrators who are chosen by the parties to issue final, binding decisions. FINRA makes available an arbitration forum—pursuant to rules approved by the SEC—but has no part in deciding the award.

June 08, 2021

Date of Service (For FINRA Dispute Resolution Services use only)