

STATE OF NEW JERSEY
BUREAU OF SECURITIES
P.O. Box 47029
Newark, New Jersey 07101
Telephone: (973) 504-3600

IN THE MATTER OF

NAMAN R. PATEL,

Respondent.

ADMINISTRATIVE CONSENT ORDER

BEFORE LAURA H. POSNER, BUREAU CHIEF

The New Jersey Bureau of Securities (the “Bureau”) is the State agency with the responsibility to administer and enforce the Uniform Securities Law (1997), N.J.S.A. 49:3-47 et seq. (“Securities Law”). N.J.S.A. 49:3-67 authorizes the Bureau Chief, Laura H. Posner (“Bureau Chief”), to issue such Orders as are necessary to carry out the provisions of the Securities Law, upon a finding that the action is necessary and appropriate in the public interest or for the protection of investors or consistent with the purposes fairly intended by the provisions of the Securities Law.

Pursuant to the authority granted to the Bureau Chief under the Securities Law, and after investigation, careful review, and due consideration of the facts, including the sworn testimony of Respondent Naman R. Patel (“Naman Patel” or “Naman”), and statutory provisions set forth herein, the Bureau Chief hereby finds that there is good cause, it is in the public interest, and it will preserve resources to enter into an Administrative Consent Order (“Consent Order”) with Naman Patel, and Naman Patel hereby agrees to resolve any and all issues in controversy regarding the specific conduct described herein on the terms set forth in this Consent Order.

The Bureau Chief makes the following findings of fact and conclusions of law, which Naman Patel neither admits nor denies:

FINDINGS OF FACT AND CONCLUSIONS OF LAW

Relevant Parties

1. Caring Pharmaceutical, L.L.C. (“Caring Pharma”) is a New Jersey limited liability company formed on or around November 8, 2010, with a principal place of business at 130 Hardenburg Lane, East Brunswick, New Jersey. Caring Pharma’s business registration status was revoked on July 16, 2013, because it failed to file annual reports for two consecutive years.

2. Ohmshai L.L.C. (“Ohmshai”) is a New Jersey limited liability company formed on or around December 26, 2001, with a principal place of business at 130 Hardenburg Lane, East Brunswick, New Jersey. Ohmshai’s business registration status was revoked on July 16, 2007, because it failed to file annual reports. Ohmshai remained revoked for more than six (6) years until August 6, 2013.

3. Omega International Management Group LLC (“Omega”) is a New Jersey limited liability company formed on or around October 25, 2011, with a principal place of business at 26 Jon Drive, Barnegat, New Jersey.

4. Naman Patel is twenty-five years old and currently resides in East Brunswick, New Jersey. At all relevant times, Naman Patel was a member and the registered agent of Caring Pharma, and controlled the Caring Pharma’s finances. Naman Patel has never been registered with the Bureau in any capacity.

5. Naman Patel has a criminal background. For example, in 2010, he was indicted for theft by deception in the third degree (N.J.S.A. 2C:20-4) and forgery (N.J.S.A. 2C:21-1A(2)).

Naman Patel plead guilty to theft by deception and was sentenced to two (2) years of probation, which he later violated.

6. Rajendra Patel (“Rajendra Patel” or “Rajendra”) is an individual residing in East Brunswick, New Jersey. At all relevant times, Rajendra Patel was the Chief Executive Officer and registered agent of Ohmshai, and controlled Ohmshai’s finances. Rajendra has never been registered with the Bureau in any capacity.

7. Rajendra Patel and Naman Patel (together, the “Patels”) are father and son, respectively.

8. Suresh Faldu (“Suresh Faldu” or “Suresh”) is an individual residing in Barnegat, New Jersey.

9. Kevin Faldu (“Kevin Faldu” or “Kevin”) is an individual residing in Barnegat, New Jersey. At all relevant times, Kevin was a member and the registered agent of Omega.

10. Suresh Faldu and Kevin Faldu (together, the “Faldus”) are father and son, respectively.

Fictitious Parties

11. Tele-Nurses L.T.D. (“Tele-Nurses”) is an unknown and/or nonexistent entity concocted by Naman Patel.

12. Zyang Xhoo (“Xhoo”) is an unknown and/or nonexistent individual concocted by Naman Patel.

Tele-Nurses Investment Opportunity

13. Naman and Kevin first met in or around the Summer of 2011, when Kevin was an undergraduate student at Rutgers University.

14. Naman represented to Kevin that he was the majority owner and Chief Executive Officer of Caring Pharma, a purported pharmaceutical warehousing, manufacturing and distribution company that pressed chemical compounds and substances into pills. Caring also purportedly bought and sold medical equipment.

15. In or around early-Fall 2011, Naman told Kevin that he planned to sell his interest in Caring Pharma and use the proceeds from the sale to finance a purported nurse staffing company that facilitated the relocation of registered nurses from other countries to work in hospitals in the United States on a contractual basis (“Nurse Staffing Business”).

16. Naman invited Kevin to invest in a similar Nurse Staffing Business known as Tele-Nurses. Because he did not have money of his own to invest, Kevin presented the Tele-Nurses investment opportunity to his father, Suresh, who showed interest in the business concept.

17. On different occasions in or around September and October 2011, Naman discussed the Tele-Nurses investment opportunity with Kevin and/or Suresh, falsely stating that, among other things:

- a. Tele-Nurses could bring a maximum of thirty (30) nurses to the United States under one licensing agreement;
- b. Tele-Nurses would require a total investment of \$600,000 (30 nurses at \$20,000 per nurse);
- c. the Faldus’ investment money would be used to invest in Tele-Nurses;
- d. the Faldus could expect an investment return of about \$2.4 million on a \$600,000 investment – a 400% return;

- e. Naman had owned, managed and successfully invested \$600,000 of his own money in a similar Nurse Staffing Business;
- f. Naman was working with the U.S. Department of Homeland Security (“USDHS”) to obtain work permits and authorizations for the Tele-Nurses nurses; and
- g. Naman had a partnership with Tele-Nurses and Xhoo, who represented Tele-Nurses.

18. Although Suresh told Naman that he would not be able to invest \$600,000, Naman told the Faldus that he would offset the deficit until the Faldus could provide the rest of the funds. Accordingly, Naman told the Faldus that he and/or Caring Pharma would act as investment conduits for investing money in Tele-Nurses.

19. Naman also told the Faldus that they needed to establish a limited liability company or a business entity to invest in Tele-Nurses. On Naman’s advice, the Faldus established Omega, a limited liability company.

20. Naman also provided the Faldus with a limited partnership agreement between Omega and Tele-Nurses (“Tele-Nurses Partnership Agreement”) that was purportedly signed by Xhoo on behalf of Tele-Nurses.

21. In return for the investment, the Faldus, through Omega, were to receive a purported partnership interest in Tele-Nurses (“Tele-Nurses Investment Contract”) and, according to Patel and the Tele-Nurses Partnership Agreement, the Faldus, through Omega, would receive payments totaling \$2,415,000 by March 1, 2013.

22. From October 2011 to January 2012, the Faldus gave Naman and Caring Pharma approximately \$112,000 to invest in Tele-Nurses.

FRAUDULENT CONDUCT

23. By early 2012, the Faldus grew dissatisfied with Naman's lack of progress regarding Tele-Nurses and began to question his use of the investment money and the authenticity of Tele-Nurses and Xhoo.

24. After the Faldus confronted him with their concerns, Naman claimed that he was working on the business and even asked the Faldus for additional funds.

25. The Faldus soon demanded the return of their investment money from Naman. In an attempt to conceal the truth, Naman falsely promised to return all \$112,000 to the Faldus by August 2012. Although Naman signed a promissory note evidencing his promise to repay, he failed to repay the Faldus as promised.

Misuse of Investor Money

26. Naman could not repay the Faldus as promised because he misused their investment money for purposes other than those disclosed to the Faldus.

27. As described below, Naman received approximately \$112,000 of investment money from the Faldus in the form of (a) cash (\$32,000), and (b) checks payable to Caring Pharma (\$80,000).

Cash Payments to Naman

28. Naman received \$32,000 in cash payments from the Faldus to invest in Tele-Nurses. Specifically:

- a. on October 11, 2011, Suresh deposited \$10,000 in the Faldus' bank account with Sovereign Bank ("Faldus Account"). On the same day, Kevin withdrew \$10,000 from his account and gave it to Naman, who was with Kevin at the bank when the money was withdrawn;

- b. on November 4, 2011, Kevin withdrew \$15,000 from Omega's bank account and gave the entire amount to Naman; and
- c. on January 18, 2012, Kevin, accompanied by Naman, withdrew \$7,000 from the Faldu Account and gave it to Naman.

Payments to Caring Pharma

29. From October 31, 2011 to January 31, 2012, the Caring Pharma account at HSBC Bank with account number ending in 9795 (the "Caring Pharma Account"), for which Naman was the sole authorized signatory, received a total of \$80,000 in deposits, all of which was money the Faldus gave to Naman to invest in Tele-Nurses. Specifically:

- a. on November 3, 2011, the Faldus gave Naman a bank check issued from Omega's account payable to Caring Pharma in the amount of \$50,000. On the same day, the \$50,000 check was deposited in the Caring Pharma Account. Before receiving the \$50,000 deposit on November 3, 2011, the Caring Pharma Account balance was negative \$427.30; and
- b. on December 3, 2011, the Faldus gave Naman a \$30,000 check payable to Caring Pharma. On December 5, 2011, the \$30,000 check was deposited in the Caring Pharma Account. Before receiving the \$30,000 deposit on December 5, 2011, the Caring Pharma Account balance was negative \$577.49.

30. From October 31, 2011 to January 31, 2012, Naman misused the entire \$80,000 of the Faldus' investment money – the only money deposited in the Caring Pharma Account during that time period – as follows:

- a. approximately \$12,296.79 was used to make ATM and/or bank teller cash withdrawals;

- b. approximately \$10,462.38 was used to pay for hotel stays at The London NYC, a luxury hotel in New York;
- c. \$14,733.22 was used for a bank check payable to Ohmshai – Rajendra Patel’s company – that was deposited in an Ohmshai account at TD Bank with account number ending in 6100 (“Ohmshai Bank Account”). Rajendra Patel was the sole authorized signatory for the Ohmshai Bank Account. The money was commingled with other funds in the Ohmshai Account and primarily used as follows:
 - i. \$8,283 was used for checks payable to Bank of America for a “Home Loan”;
 - ii. for a \$1,000 check payable to cash;
 - iii. for a \$1,600 check payable to Amit Patel; and
 - iv. \$2,450 was used for legal fees related to “Emcure.”
- d. \$15,750 was used for a bank check payable to Jonathan Kuo, dated November 5, 2011. Jonathan Kuo was the title owner of a 2007 BMW 335. On November 9, 2011, title for the same 2007 BMW 335 was issued to Naman; and
- e. approximately \$18,000 was used to pay for additional expenses and purchases, including:
 - i. \$490 at Planned Parenthood in Elizabeth, New Jersey;
 - ii. \$1,724.10 at a Louis Vuitton store in Short Hills, New Jersey;
 - iii. \$2,981.93 at Apple stores;
 - iv. \$600 at Sky River Helicopters;
 - v. \$1,213.66 at BMW car dealerships; and

- vi. thousands of additional dollars to pay for purchases at flower shops, hair and beauty salons, restaurants, chocolate stores, a tattoo parlor, hotels and other personal expenses.

Misrepresentations and Omissions

31. In connection with the offer and sale of the Tele-Nurses Investment Contract, Naman made misrepresentations and omissions of material information. For example, as described above, Naman told the Faldus that:

- a. he would invest their money in Tele-Nurses;
- b. he successfully owned and invested hundreds of thousands of his own dollars in a Nurse Staffing Business similar to Tele-Nurses;
- c. they could expect an investment return of about 400%;
- d. he had a partnership of his own with Tele-Nurses and Xhoo; and
- e. he was working with USDHS to obtain work permits and authorizations for the Tele-Nurses nurses.

32. In truth:

- a. Naman used the investment money to pay for personal expenses and other purposes not disclosed to the Faldus as described above;
- b. Tele-Nurses and Xhoo were nonexistent and/or fictitious creations concocted by Naman;
- c. Naman never previously owned or invested in a Nurse Staffing Business; and
- d. Naman did not work with USDHS to obtain work permits or authorizations.

33. Naman also omitted to disclose his prior criminal background (as described in paragraph five (5) above) to the Faldus prior to the investment in Tele-Nurses.

Naman Files for Bankruptcy Protection

34. As described above, Naman failed to repay the Faldus by August 2012, as he promised them.

35. On May 7, 2013, Naman filed a Voluntary Petition for bankruptcy protection in the United States District Court for the District of New Jersey (Case 13-19982-CMG) (“Patel Bankruptcy”), in which he identified Suresh as an unsecured creditor in the amount of \$112,000.

36. On June 25, 2013, Suresh filed an Adversary Complaint (“Adversary Proceeding”) against Naman in the Patel Bankruptcy.

37. In September 2014, Naman and Suresh entered into a settlement agreement resolving the Adversary Proceeding.

Conclusions of Law

38. The Tele-Nurses Investment Contract is a security as defined under N.J.S.A. 49:3-49(m).

39. Naman Patel represented Tele-Nurses in effecting or attempting to effect transactions in securities from or in New Jersey and, thus, acted as an agent, as defined in N.J.S.A. 49:3-49(b), without being registered with the Bureau to sell Tele-Nurses Investment Contracts, in violation of N.J.S.A. 49:3-56(a).

40. Naman Patel offered and sold securities in the form of a Tele-Nurses Investment Contract that were not registered with the Bureau, not “federally covered,” and not exempt from registration, in violation of N.J.S.A. 49:3-60.

41. In connection with the offer and sale of a the Tele-Nurses Investment Contract, Naman Patel made materially false and misleading statements and/or omitted to state material facts necessary in order to make the statements in light of the circumstances under which they

were made, not misleading to investors, in violation of N.J.S.A. 49:3-52(b).

42. In connection with the offer and sale of the Tele-Nurses Investment Contract, Naman Patel engaged in an act, practice, or course of business which operates or would operate as a fraud or deceit upon any person, in violation of N.J.S.A. 49:3-52(c).

43. The conduct described herein constitutes violations of the Securities Law and is grounds for the imposition of civil monetary penalties pursuant to N.J.S.A. 49:3-70.1.

44. It is in the public interest and for the protection of the investing public to enter this Consent Order.

THEREFORE, it is on this 9th day of July 2015, **ORDERED** and **AGREED** that:

45. Naman Patel individually and by or through any person, corporation, business entity, agent, employee, broker, partner, officer, director, attorneys-in-fact, stockholder, and/or any other person who is directly or indirectly under their control or direction, are permanently shall permanently cease and desist from directly or indirectly:

- a. violating the Securities Law;
- b. engaging in the securities business in New Jersey in any capacity including, but not limited to, acting as an agent as defined in N.J.S.A. 49:3-49(b), a broker-dealer as defined by N.J.S.A. 49:3-49(c), an investment adviser as defined in N.J.S.A. 49:3-49(g), an investment adviser representative as defined in N.J.S.A. 48:3-49(s), or otherwise;
- c. issuing, offering for sale or selling, offering to purchase or purchasing, distributing, promoting, advertising, soliciting, negotiating, advancing the sale of

and/or promoting securities, or advising regarding the sale of any securities, in any manner to, from or within New Jersey; and

d. engaging in the conduct described in this Consent Order.

46. Naman Patel individually and by or through any person, corporation, business entity, agent, employee, broker, partner, officer, director, attorneys-in-fact, stockholder, and/or any other person who is directly or indirectly under their control or direction, is permanently barred from being a partner, officer, or director of an issuer, broker dealer or investment adviser or from occupying a similar status or performing a similar function or from directly or indirectly controlling an issuer, broker-dealer or investment adviser, or from acting as a broker-dealer, agent or investment adviser or from being employed or associated with a broker dealer or investment adviser in any capacity in the State of New Jersey.

47. Naman Patel is permanently barred from the issuance for sale, sale, offer for sale, purchase, offer to purchase, solicitation, promotion, negotiation, advertisement, or distribution from or within the State of New Jersey of any security as that term is defined in the Securities Law, except that Naman Patel may buy or sell securities for his own account through a registered broker-dealer.

48. Naman Patel agrees that he will never apply to the Bureau to become a registered broker-dealer, agent of a broker-dealer, investment adviser, or investment adviser representative, as defined by the Securities Law.

49. Naman Patel is denied all exemptions contained in N.J.S.A. 49:3-50 subsection (a) paragraphs 9, 10, and 11 and subsection (b).

50. The exemptions to the registration requirements provided by N.J.S.A. 49:3-56(b), N.J.S.A. 49:3-56(c) and N.J.S.A. 49:3-56(g) are revoked as to Naman Patel.

CIVIL MONETARY PENALTY

51. Naman Patel is assessed a civil monetary penalty of Sixty Three Thousand Dollars (\$63,000), pursuant to N.J.S.A. 49:3-70.1.

PAYMENT OF CIVIL MONETARY PENALTY

52. The Bureau Chief will suspend and not collect Forty Thousand Dollars (\$40,000) of the Sixty Three Thousand Dollar (\$63,000) civil monetary penalty assessed against Naman Patel if Naman Patel pays a total of Twenty Three Thousand Dollars (\$23,000) of the civil monetary penalty to the Bureau as follows:

- a. Five Thousand Dollars (\$5,000) upon signing this Consent Order; and
- b. Eighteen Thousand Dollars (\$18,000) on or before August 18, 2015.
- c. Naman Patel shall make all such penalty payments by attorney trust fund account check, certified check, bank check or other guaranteed funds, made payable to the "New Jersey Bureau of Securities," and delivered to the attention of the Bureau Chief, at the following address: New Jersey Bureau of Securities, 153 Halsey Street, 6th Floor, Newark, New Jersey 07101.

53. If the payments set forth in ¶¶ 52(a) and (b) are not made and received by the Bureau in a timely manner, then:

- a. none of the civil monetary penalty will be suspended and the unpaid portion of the Sixty Three Thousand Dollar (\$63,000) penalty shall immediately be due and owing, with a credit given for the funds previously paid toward the civil monetary penalty; and
- b. the Bureau Chief may take any other action permitted by law.

54. The civil monetary penalty shall be deposited by the Bureau into the Securities Enforcement Fund pursuant to N.J.S.A. 49:3-66.1.

ADDITIONAL PROVISIONS

55. This Consent Order shall not bind any person not a party hereto, except as provided herein.

56. The Bureau may at its option docket this Consent Order pursuant to the New Jersey Court Rules.

57. Each of the undersigned has read this Consent Order, understands it, and agrees to be bound by its terms.

58. This Consent Order is fully integrated and contains the entire settlement terms between Naman Patel and the Bureau Chief. No employee, attorney, official of or person representing the Bureau or the State of New Jersey has made any additional promise or representation to Naman Patel regarding this Consent Order.

59. Naman Patel consents to the entry of this Consent Order and voluntarily waives an opportunity for hearing on the Bureau Chief's findings of fact and conclusions of law in this Consent Order. Naman Patel also voluntarily waives any right to assert any defenses or to raise any challenge that he otherwise may have had to this Consent Order.

60. The Bureau Chief has entered into this Consent Order in reliance on Naman Patel's representation that he will not effect or attempt to effect transactions in securities from or within New Jersey, or otherwise violate the Securities Law. In the event Naman Patel acts in contravention to this representation, the Bureau Chief may vacate this Consent Order and take further action against Naman Patel.

61. Naman Patel shall cooperate with the Bureau in this investigation or any related litigation, investigation, order, and/or proceeding. Cooperation with the Bureau is material and shall include, but is not limited to:

- a. testifying truthfully and completely at any trial, deposition or other proceeding at which the Bureau has requested his testimony;
- b. fully attending and participating in any meeting requested by the Bureau including, but not limited to, interviews and witness preparation sessions; and
- c. promptly producing any documents or other materials requested by the Bureau.

62. In the event that Naman Patel violates this Consent Order, including failing to cooperate in accordance with the preceding paragraphs, the Bureau Chief may vacate this Consent Order and take further action against Naman Patel.

63. Naman Patel agrees that for the purposes of settling this matter or future proceedings to enforce this Consent Order that this Consent Order shall have the same effect as if proven and ordered after a full hearing held pursuant to N.J.S.A. 52:14B-1 et seq.

64. New Jersey law shall govern this Consent Order and enforcement thereof.

65. Nothing contained herein shall in any manner be construed to limit or affect any position that the Bureau, any other government, or any person, including investors, may take in any future or pending action not specifically encompassed herein.

66. This Consent Order may be signed in counterparts and/or by facsimile, each of which shall be deemed an original.

NEW JERSEY BUREAU OF SECURITIES

By: 
LAURA H. POSNER
BUREAU CHIEF

Consent to the Form, Content and Entry
Of this Administrative Consent Order

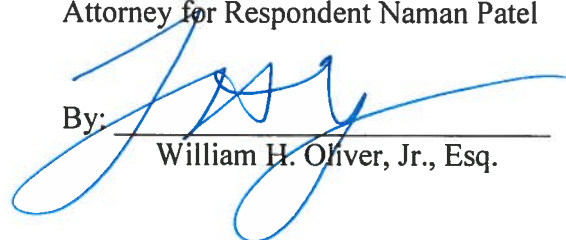
RESPONDENT NAMAN R. PATEL

DATED: 6/30/15


Naman R. Patel.

WILLIAM H. OLIVER, JR., ESQ.
2240 Route 33, Suite 112
Neptune, New Jersey 07753
Attorney for Respondent Naman Patel

DATED: 6/30/15

By: 
William H. Oliver, Jr., Esq.