

FONAR CORP
Form DEF 14A
April 29, 2016

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to section 14(a) of the Securities and Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

Fonar Corporation

.....

(Name of Registrant as Specified In Its Charter)

.....

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No fee required

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1) Title of each class of securities to which transaction applies:

N/A

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2) Aggregate number of securities to which transaction applies:

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3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount of which the filing fee is calculated and state how it was determined:

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N/A

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1) Amount Previously Paid:

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2) Form, Schedule or Registration Statement No.:

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.....

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.....

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FONAR CORPORATION

110 Marcus Drive

Melville, New York 11747

(631) 694-2929

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

Monday, June 13, 2016

To The Stockholders:

The Annual Meeting of the stockholders of Fonar Corporation will be held at the Double Tree Hotel, Wilmington Downtown, 700 King Street, Wilmington, Delaware 19801 (302-655-0400), on Monday, June 13, 2016, at 10:00 a.m. local time for the following purposes:

1. To elect five Directors to the Board of Directors.
2. To approve, on an advisory basis, the compensation of the Company's named executive officers.
3. To recommend, in an advisory vote, whether the advisory stockholder vote to approve the compensation of the Company's named executive officers be taken every year, every two years, or every three years.
4. To ratify the selection of Marcum LLP as the Company's auditors for the fiscal year ending June 30, 2016.
5. To transact such other business as may properly come before the meeting.

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Only stockholders of record at the close of business on April 14, 2016 are entitled to notice of, and to vote at, this meeting. A list of such stockholders will be available for examination by any stockholder for any purpose germane to the meeting, during normal business hours, at the principal office of the Company, 110 Marcus Drive, Melville, New York, for a period of ten days prior to the meeting.

Whether or not you expect to attend in person, we urge you to vote your shares at your earliest convenience. You may vote by internet, by phone or by signing, dating, and returning your proxy at your earliest convenience. Voting by internet, telephone or mail will not prevent you from voting your stock at the meeting if you desire to do so, as your proxy is revocable at your option.

BY ORDER OF THE BOARD OF DIRECTORS

/s/ Claudette J.V. Chan

Claudette J.V. Chan, Secretary

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PROXY STATEMENT

FOR ANNUAL MEETING OF

STOCKHOLDERS TO BE HELD MONDAY, JUNE 13, 2016

This proxy statement, which is first being made available to shareholders on or about May 4, 2016 on the internet, is furnished in connection with the solicitation of proxies by the Board of Directors of Fonar Corporation (the "Company"), to be voted at the annual meeting of the stockholders of the Company to be held at 10:00 a.m. on June 13, 2016 and any adjournment(s) thereof for the purposes set forth in the accompanying Notice of Annual Meeting of Stockholders. At the same time a paper notice regarding the availability of proxy materials will be mailed to stockholders. Stockholders who execute proxies retain the right to revoke them at any time prior to the exercise of the powers conferred thereby. The cost of solicitation of proxies will be borne by the Company.

The stockholders will have several options as to how to view the materials and vote their shares.

The Company is posting the Notice of Annual Meeting and Proxy Statement, together with the Annual Report on the internet. You may read the materials online or print out a copy. You will also have the ability to vote online.

In the alternative, you may elect to receive an e-mail or the traditional paper copies of the Notice of Annual Meeting and Proxy Statement, and the Annual Report. There is no charge for receiving e-mail or paper copies, BUT you must request them if you want them. To facilitate timely delivery please make the request as instructed on or before May 30, 2016.

To view the materials and vote on the internet, have the 12 Digit Control Number(s) located on the Notice Regarding the Availability of Proxy Materials available and visit: www.proxyvote.com.

Stockholders may request a copy of the Proxy Materials:

- 1. By internet – visit www.proxy.com**
- 2. By telephone – 1-800-579-1639**

3. By e-mail – sendmaterial@proxyvote.com

Only stockholders of record at the close of business on April 14, 2016 will be entitled to vote at the meeting. Shares of Common Stock are entitled to one vote per share, shares of Class B Common Stock are entitled to ten votes per share and shares of Class C Common Stock are entitled to twenty-five votes per share. At the close of business on April 14, 2016, there were issued and outstanding 6,050,840 shares of Common Stock held of record by approximately 1,557 stockholders, 146 shares of Class B Common Stock held of record by 11 stockholders and 382,513 shares of Class C Common Stock held of record by 3 stockholders. The shares of Class A Nonvoting Preferred Stock, 313,438 shares held of record by approximately 1,621 stockholders at the close of business on April 14, 2016, are not entitled to vote. Except for the shares of Class A Nonvoting Preferred Stock, there are no shares of Preferred Stock issued and outstanding.

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Any proxy may be revoked at any time before it is exercised by delivery of a written instrument of revocation or a later dated proxy to the Secretary of the Company at the principal executive office of the Company or, while the meeting is in session, to the Secretary of the meeting, without, however, affecting any vote previously taken. The presence of a stockholder at the meeting will not operate to revoke his proxy. The casting of a ballot by a stockholder who is present at the meeting, however, will revoke his proxy, but only as to the matters on which the ballot is cast and not as to any matters on which he does not cast a ballot or as to matters previously voted upon.

Proxies received by management will be voted at the meeting or any adjournment thereof. EACH PROXY WILL BE VOTED IN ACCORDANCE WITH THE SPECIFICATIONS MADE THEREIN BY THE PERSON GIVING THE PROXY. TO THE EXTENT NO CHOICE IS SPECIFIED, HOWEVER, THE PROXY WILL BE VOTED FOR MANAGEMENT'S PROPOSALS. All of management's proposals have been unanimously approved by the Board of Directors.

1. ELECTION OF DIRECTORS AND MANAGEMENT INFORMATION

Five directors are to be elected at the annual meeting, to hold office until the next annual meeting of stockholders and until their successors are elected and qualified. It is intended that the accompanying proxy will be voted in favor of the following nominees to serve as directors unless the stockholder indicates to the contrary on the proxy. All of the nominees are currently directors. Management expects that each of the nominees will be available for election.

NOMINEES FOR DIRECTORS AND OFFICERS

Raymond V. Damadian, M.D. (age 80), has been the Chairman of the Board since its inception in 1978 and Treasurer since February, 2001. Up until February 11, 2016, Dr. Damadian also served as the President and Chief Executive Officer of Fonar. Dr. Damadian was employed by the State University of New York, Downstate Medical Center, New York, as an Associate Professor of Biophysics and Associate Professor of Internal Medicine from 1967 until September 1979. He received an M.D. degree in 1960 from Albert Einstein College of Medicine, New York, and a B.S. degree in mathematics from the University of Wisconsin in 1956. In addition, Dr. Damadian conducted post-graduate work at Harvard University, where he studied extensively in the fields of physics, mathematics and electronics. Dr. Damadian is the author of numerous articles and books on the nuclear magnetic resonance effect in human tissue, which is the theoretical basis for the Fonar MRI scanners. He is a 1988 recipient of the National Medal of Technology. In 1989 he was inducted into the National Inventors Hall of Fame, for his contributions in conceiving and developing the application of magnetic resonance technology to medical applications including whole body scanning and diagnostic imaging. Dr. Damadian is the President, Treasurer and director of Health Management Corporation of America ("HMCA"), a Manager of Imperial Management Services, LLC ("Imperial") and a Manager of Health Diagnostics Management, LLC ("HDM") which three entities are subsidiaries of Fonar.

Claudette J.V. Chan (age 78), has been a Director of Fonar since October 1987 and Secretary of Fonar since January 2008. Mrs. Chan was employed from 1992 through 1997 by Raymond V. Damadian, M.D. MR Scanning Centers Management Company and since 1997 by HMCA, as "site inspector," in which capacity she is responsible for supervising and implementing standard procedures and policies for MRI scanning centers. From 1989 to 1994 Mrs. Chan was employed by St. Matthew's and St. Timothy's Neighborhood Center, Inc., as the director of volunteers in the "Meals on Wheels" program, a program which cares for the elderly. From approximately 1983 to 1989, Mrs. Chan was President of the Claudette Penot Collection, a retail mail-order business specializing in women's apparel and gifts. Mrs. Chan practiced and taught in the field of nursing until 1973, when her son was born. She received a bachelor of science degree in nursing from Cornell University in 1960. Mrs. Chan is the sister of Raymond V. Damadian.

Robert J. Janoff (age 88), has been a Director of Fonar since February 1989. Mr. Janoff has been a self-employed New York State licensed private investigator for more than thirty-five years and was a Senior Adjustor in Empire Insurance Group for more than 15 years until retiring from that position on July 1, 1997. Mr. Janoff also served, from June 1985 to June 1991, as President of Action Data Management Strategies, Ltd., a supplier of computer programs for use by insurance companies. Mr. Janoff was a member of the Board of Directors of Harmony Heights of Oyster Bay, New York for over 25 years, which is a nonprofit residential school for girls with learning disabilities.

Charles N. O'Data (age 80), has been a Director of Fonar since February 1998. From 1961 to 1997, Mr. O'Data was the Vice President for Development for Geneva College, a liberal arts college located in western Pennsylvania. In that capacity, he acted as the College's chief investment officer. His responsibilities included management of the College's endowment fund and fund raising. In July 1997, Mr. O'Data retired from Geneva College after 36 years of service to assume a position of National Sales Executive for SC Johnson Company's Professional Markets Group, a unit of SC Johnson Wax, and specialized in healthcare and education sales, a position he held until the spring of 1999. In his capacity with SC Johnson he was responsible for sales to the nation's three largest Group Purchasing Organizations which included some 4,000 hospitals. Mr. O'Data presently acts as an independent financial consultant to various entities. Mr. O'Data served on the board of The Medical Center, Beaver, Pennsylvania, now a part of Heritage Valley Health System, a 500 bed acute care facility, for 26 years, three as its Chair. Mr. O'Data also served on the board of the Hospital Council of Western Pennsylvania, a shared-services and group purchasing organization covering seven states. He founded The Beaver County Foundation, a Community Foundation, in 1992, and serves as its President. Mr. O'Data is listed as a finance associate in the Middle States Association, Commission on Higher Education. The commission is the formal accrediting body for higher education in the eastern region of the country. In this capacity he evaluates the financial aspects of educational organizations. Mr. O'Data is a graduate of Geneva College, where he received a B.S. degree in Economics in 1958.

Ronald G. Lehman, (age 39), has been a Director of Fonar since April, 2012, when he was unanimously appointed by the remaining four Directors to fill the vacancy resulting from the death of former Director Robert Djerejian. From October, 2009 to the present, Mr. Lehman has served as Managing Director of Investment Banking with Bruderman Brothers, LLC, a private New York-based broker-dealer registered with the Securities and Exchange Commission and which is a member of the Financial Industry Regulatory Authority (FINRA) and the Securities Investor Protection Corporation (SIPC). Mr. Lehman directly manages all facets of the firm's transaction processes, from deal origination, to sourcing capital, to negotiating deal structures, through documentation and closing. The firm provides buy and sell-side advisory, capital raising, and consulting services to lower middle-market companies. Mr. Lehman specializes in advising healthcare services companies and has recently completed several recapitalizations in the industry. He also participates in the firm's merchant banking investments and oversees many of these assignments. From May, 2008 to October, 2009, Mr. Lehman served as Senior Vice President of Acquisitions at Health Diagnostics, LLC, where he managed the company's acquisition and corporate finance activities. From March, 2000 to May, 2008, Mr. Lehman worked for various Bruderman entities as a buy and sell-side advisor and as a principal in several private equity transactions. From September, 1998 to March, 2000, Mr. Lehman worked at Deutsche Bank Securities, Inc. and last held the position of Associate in their Global Custody Group. Mr. Lehman graduated from Columbia University with a B.A. in 1998.

Timothy Damadian (age 51), has been the President and Chief Executive Officer of Fonar since February 11, 2016. From 2010 to 2016 he served as an independent consultant, with a focus on the Company's MRI facility management business. Timothy Damadian began his career at Fonar in 1985, installing MRI scanners and components for Fonar customers. Over the course of the following 16 years, he held positions of increasing authority, eventually becoming Vice President of Operations. In 1997, Timothy Damadian formed and was appointed President of Health Management Corporation of America (HMCA), a wholly-owned subsidiary of Fonar established to manage medical and diagnostic imaging offices. In 2001, Timothy Damadian left Fonar to form Integrity Healthcare Management, Inc., a diagnostic imaging management company that would eventually manage 11 MRI scanning centers in New York and Florida. The company was a success and was sold to Health Diagnostics in 2007. Mr. Damadian returned to Fonar as a consultant in 2010. He also serves as a Manager of Imperial and a Manager of HDM, which are subsidiaries of Fonar.

CORPORATE GOVERNANCE, THE BOARD AND ITS COMMITTEES

All of the nominees are presently directors of the Company. The five nominees will be elected to hold office for the ensuing year or until their respective successors are elected and qualified. Of the five nominees, Messrs. Charles N. O'Data, Robert J. Janoff and Ronald G. Lehman are independent, as defined in the Securities and Exchange Commission Regulations and Nasdaq Market Place Rules. In making such determinations, there were no transactions, relationships or arrangements not disclosed in our SEC filings to be considered by the Board of Directors, in determining whether the director was independent.

BOARD MEETINGS

During the year ended June 30, 2015 the Board of Directors unanimously consented to take action in lieu of a meeting on four occasions, and the audit committee met four times.

The attendance of the Board of Directors at annual meetings is not required. The Chairman of the Board, Dr. Raymond V. Damadian, however, attends the annual meeting of stockholders where he acts as Chairman of the Meeting.

Dr. Damadian receives no compensation for serving on the Board. The other directors are each paid \$20,000 per year in their capacities as directors. This is the sole compensation payable to the directors.

Board Leadership Structure. The current Board Chairman is Dr. Raymond V. Damadian. In addition, although the Company has not selected a lead independent director, Charles N. O'Data, in his capacity as Chairman of the Audit Committee, effectively functions as such. The Company believes that the Company's current leadership structure is appropriate for the Company in the context of the specific circumstances facing the Company. Consideration of the Company's leadership structure is a continuing process which the Board of Directors and Management of the Company undertake in coordination with each other.

The lead independent director, Charles N. O'Data, is the Chairman of the Audit Committee. As such he plays a leading role in the engagement of auditors and the review of the Company's financial statements. Under certain circumstances, he has also served as a contact point for employees.

The Company believes its present leadership structure is successfully meeting the Company's current needs, including:

- Efficient communication between Management and the Board;
- Clarity for the Company's stockholders on corporate leadership and accountability;
- The Chairman of the Board knowing the Company's strategy, operations and financial conditions; and

Continuity in the Company's leadership, as the Chairman of the Board, Dr. Raymond V. Damadian, founded the Company in 1978.

The Company's Board of Directors has an audit committee. There is no standing compensation committee, nominating committee or other committee of the Board.

In accordance with the Nasdaq Marketplace Rules, the Board of Directors adopted a written charter for the audit committee which took effect in June, 2001 and was revised on November 17, 2004. All of the directors on the audit committee are independent.

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Stockholders may communicate with directors by writing to them at the Company in accordance with the Company's corporate governance policies and code of conduct, or in any other manner the particular director may provide. Depending on the sensitivity and timing of a matter raised by a stockholder and the need for disclosure of matters to be made not to just one stockholder, but to the stockholders as a whole, it may not be possible for the director to reply to the stockholder.

Due to the shareholdings of the Company's Chairman of the Board, Dr. Raymond V. Damadian, which have more than 50% of the voting power of the Company, the Company is a controlled company for purposes of NASDAQ Marketplace Rule 4350(c).

AUDIT COMMITTEE

The Audit Committee, which is comprised solely of independent directors, is governed by a Board approved charter that contains, among other things, the Committee's membership requirements and responsibilities. The audit committee oversees the Company's accounting, financial reporting process, internal controls and audits, and consults with management and the independent public accountants on, among other items, matters related to the annual audit, the published financial statements and the accounting principles applied. As part of its duties, the audit committee appoints, evaluates and retains the Company's independent public accountants. It also maintains direct responsibility for the compensation, termination and oversight of the Company's independent public accountants and evaluates the independent public accountants' qualifications, performance and independence.

Financial Expert on Audit Committee: The Board has determined that Mr. Charles N. O'Data, who currently is a financial consultant to various entities and previously was the Vice President for Development for Geneva College, is the audit committee financial expert. The Board made a qualitative assessment of Mr. O'Data's level of knowledge and experience based on a number of factors, including his formal education and experience.

Board Oversight of Risk Management. The Company faces risk in many different areas, including business strategy; government regulation; financial condition; health care compliance; product research and development; competition for talent; business vitality; operational efficiency; quality assurance; reputation; intellectual property; and trade secrets, among others. The oversight function is carried out in the quarterly and annual Audit Committee meetings and by communication and meetings with the Company's Management, which exercises the responsibility for oversight of risk management.

AUDIT COMMITTEE REPORT

The audit committee has (a) reviewed and discussed the audited financial statements with management, (b) discussed with the independent auditors the matters required to be discussed by SAS 61 (Statement on Auditing Standards No. 61) and (c) has received the written disclosures and the letter from the independent accountants required by Independence Standards Board, Standard No. 1 and has discussed with the independent accountants the independent accountant's independence.

Based on the foregoing review and discussions, the audit committee recommended to the Board of Directors that the audited financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2015.

The members of the audit committee are Messrs. Charles N. O'Data, Robert J. Janoff and Ronald G. Lehman. Messrs. O'Data, Janoff and Lehman are independent directors, as defined in the Securities and Exchange Commission Regulations and Nasdaq Market Place Rules.

NOMINATING COMMITTEE

The Board of Directors does not believe it requires a separate standing nominating committee because the Board of Directors is relatively small and can make the nominations acting as a whole. The Board does not have a policy with regard to director candidates recommended by stockholders because the absence of such recommendations makes a formal policy unnecessary. Historically, there usually has not been a need to identify new nominees in the absence of the resignation or death of an existing director. The remaining directors evaluate a new nominee based on his integrity, loyalty, competence and experience, and how his background complements that of the remaining directors.

Promoting diversity in the selection of nominees has not yet been considered. Traditionally, the Board has followed a policy of nondiscrimination and equal opportunity.

COMPENSATION COMMITTEE

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

The Board of Directors does not believe it requires a separate standing compensation committee because the management, under the authority of the Chairman of the Board and the Chief Executive Officer, is best equipped to make compensation decisions. The Board reserves the right to change this policy at any time.

Dr. Raymond V. Damadian, who serves as Chairman of the Board, and Timothy Damadian, who serves as Chief Executive Officer and President of the Company, participate in deliberation and the determination of executive officer and director compensation.

VOTE REQUIRED AND BOARD RECOMMENDATION

The directors will be elected by the vote of a plurality of the votes represented at the meeting. THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR ALL OF THE NOMINEES FOR THE DIRECTORS OF THE COMPANY.

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INFORMATION REGARDING BENEFICIAL OWNERSHIP OF PRINCIPAL STOCKHOLDERS, DIRECTORS, AND MANAGEMENT

The following table sets forth information regarding the beneficial ownership of the Company's common shares held by holders of at least 5% of the shares of any class, by the nominees for directors, the Company's Chief Executive Officer, and the directors and executive officers as a group as of the close of business on April 14, 2016.

Name and Address of	Shares	Percent
Beneficial Owner (1)	Beneficially Owned	of Class
Raymond V. Damadian, M.D. c/o FONAR Corporation, Melville, New York Nominee for Director, Director, PFO,		
5% + Stockholder (2)		
Common Stock	106,402	1.76 %
Class C Stock	382,447	99.98 %
Class A Preferred	19,093	6.09 %
Claudette Chan Nominee for Director, Director and Secretary		
Common Stock	106	*
Class A Preferred	32	*
Robert J. Janoff Nominee for Director and Director		
Common Stock	2,000	*
Class A Preferred	79	*
Charles N. O'Data Nominee for Director and Director		
Common Stock	528	*
Ronald G. Lehman, Nominee for Director and Director		
Common Stock	0	*
All Officers, Directors and Nominees as a Group (6 persons) (3)		
Common Stock	121,036	2.00 %
Class C Stock	382,447	99.98 %
Class A Preferred	19,727	6.29 %

* Less than one percent

1. Address provided for each beneficial owner owning more than five percent of the voting securities of the Company.

2. Dr. Damadian was also the PEO and President until February 11, 2016.

3. Includes the holdings of Timothy Damadian, who became PEO and President on February 11, 2016.

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CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

See Item 13, "Certain Relationships and Related Transactions" of the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2015 which is specifically incorporated by reference herein. A copy of the Form 10-K is included in the Annual Report to Stockholders which is being sent to the Company's stockholders with this Proxy Statement.)

The Company believes that each of the related transactions described therein were on terms at least as favorable to the Company as were available from non-affiliated parties.

COMPENSATION DISCUSSION AND ANALYSIS OF DIRECTORS AND EXECUTIVE OFFICERS

The compensation of the Company's executive officers is based on a combination of salary and bonuses based on performance. Decisions concerning compensation are made on a case by case basis and not pursuant to standardized formulas, programs, policies or criteria, except for commissions in the case of sales. The Board of Directors does not have a compensation committee and does not believe such a committee is required, in view of the manner in which compensation matters are handled. Dr. Raymond V. Damadian and Claudette J.V. Chan are executive officers as well as members of the Board of Directors. Dr. Damadian, who also has voting control of the Company and serves as Chairman of the Board and Timothy Damadian, who has served as PEO and President of the Company since February 11, 2016, participate in the determination of executive compensation for the Company's officers.

As noted above, the Company's compensation policy is primarily based upon the practice of pay-for-performance. Section 162(m) of the Internal Revenue Code imposes a limitation on the deductibility of nonperformance-based compensation in excess of \$1 million paid to the Principal Executive Officer. No officer of the Company received compensation in excess of \$1 million in fiscal 2015 or in any previous fiscal year. The Board currently believes that the Company should be able to continue to manage its executive compensation program for others so as to preserve the related federal income tax deductions.

The Company does not believe that there are any risks arising from its compensation policies and practices for its employees that are likely to have a material adverse effect on the Company.

The Company maintains no pension or deferred compensation plans except for a noncontributory 401(k) plan.

SUMMARY COMPENSATION TABLE

The following table discloses compensation received for the three years ended June 30, 2015 by the Company's Principal Executive Officer and Principal Financial Officer.

Name and Principal Position	Year	Salary	Bonus	Stock and Option Awards	Plans, Pension, Deferred Compensation	All other Compensation	Total
Raymond V. Damadian Chairman of the Board;	2015	\$35,935.12	0	0	0	0	\$35,935.12
President; Principal Executive Officer; Acting	2014	\$36,002.38	0	0	0	0	\$36,002.38
Principal Financial Officer; Director	2013	\$36,111.30	0	0	0	0	\$36,111.30

No executive officer has a written or unwritten employment agreement with the Company. Salaries, bonuses and discretionary stock and stock option awards comprise the full amount of total compensation. The only exceptions are commissions, based on a percentage of the sales prices, payable to salesmen.

Compensation Pursuant to Stock Options and SAR Grants

No stock options or stock appreciation rights were granted to the Company's Principal Executive Officer and Principal Financial Officer during fiscal 2015.

Option/SAR Exercises and Year End Values

No options or stock appreciation rights were exercised by the Company's Chief Executive Officer during fiscal 2015. The Company's Chief Executive Officer did not hold any unexercised stock options or stock appreciation rights at the end of fiscal 2015.

DIRECTOR COMPENSATION

The following table shows the compensation paid to the Directors for fiscal 2015:

	Fees earned or paid in cash (\$)	Stock awards (\$)	Option awards (\$)	Non-equity incentive plan compen- sation (\$)	Non- qualified deferred compen- sation earnings (\$)	All other compen- sation (\$)	Total (\$)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
A. Claudette J.V. Chan	\$ 19,999.98	0	0	0	0	0	\$ 19,999.98
B. Charles N. O'Data	\$ 20,000.24	0	0	0	0	0	\$ 20,000.24
C. Robert Janoff	\$ 20,000.24	0	0	0	0	0	\$ 20,000.24
D. Ronald G. Lehman	\$ 19,999.98	0	0	0	0	0	\$ 19,999.98

With the exception of Dr. Damadian who receives no compensation for serving as a director, each director is entitled to receive \$20,000 per annum for his or her services as a director of the Company, including service on any committee of the Board of Directors. No other fees are paid to the directors for their services as directors of the Company.

2. ADVISORY VOTE ON COMPENSATION OF THE COMPANY'S NAMED EXECUTIVE OFFICERS

The following proposal provides the Company's stockholders with an opportunity to vote to approve, on an advisory basis, the compensation of the Company's named executive officers, as disclosed in this proxy statement. In considering your vote, you may wish to review with care the "Compensation Discussion and Analysis" section, which provides details as to the Company's compensation policies, procedures and decisions, as well as the Summary Compensation Table and other related compensation tables, notes and narrative disclosures under the executive compensation section of this proxy statement. This vote is not intended to address any specific element of the Company's executive compensation program, but rather the overall compensation program for the Company's named executive officers. This vote currently is being taken on an annual basis at the Company's annual meeting.

In accordance with Section 14A of the Securities Exchange Act of 1934, we are asking stockholders to approve the following advisory resolution at the Annual Meeting of Stockholders:

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RESOLVED, that the stockholders of Fonar Corporation (the “Corporation”) approve, on an advisory basis, the overall compensation of the Corporation’s named executive officers disclosed in the Compensation Discussion and Analysis, Summary Compensation Table and related compensation tables, notes and narrative discussion in this Proxy Statement for the Annual Meeting of Stockholders.

The Board of Directors recommends a vote FOR this resolution because it believes that the policies and practices described in the Compensation Discussion and Analysis are effective in achieving the Company’s goals of rewarding sustained financial and operating performance and leadership excellence and aligning the executives’ long-term interests with those of the stockholders, as well as motivating the executives to remain with the Company for long and productive careers.

This advisory resolution, commonly referred to as a “say-on-pay” resolution, is non-binding on the Board of Directors. Although non-binding, the Board will review and consider the voting results when evaluating our executive compensation program.

3. ADVISORY VOTE ON FREQUENCY OF AN ADVISORY VOTE ON COMPENSATION OF THE COMPANY’S NAMED EXECUTIVE OFFICERS

The following proposal provides the Company’s stockholders with an opportunity to vote, on an advisory basis, on the frequency of the stockholders’ advisory vote on the compensation of the Company’s named executive officers. On the proxy card, stockholders will be able to select one of four options for this proposal: one year; two years; three years; or abstain. Section 14A of the Securities Exchange Act requires the Company to hold at least once every six years this advisory stockholder vote on the frequency of the stockholders’ advisory vote on executive compensation.

After careful consideration of this proposal, the Company’s Board of Directors recommends that the advisory vote on executive compensation continue to occur each year. The Board believes that holding the advisory vote annually provides Management and the Board with more frequent stockholder feedback on compensation disclosures. You are not voting to approve or disapprove the Board of Directors’ recommendation for an annual vote. Rather, you are being asked to select the frequency of advisory stockholder votes on executive compensation that is preferable to you.

The Board of Directors will review and take the voting results of this proposal into account in making a determination concerning the frequency of future advisory votes on executive compensation. However, this advisory vote is not binding upon the Board of the Company and the Board may decide in the future to conduct the advisory vote on executive compensation on a less frequent basis.

Recommendation of the Board

The Board of Directors recommends at this time that stockholders vote to conduct future advisory votes on the compensation of the Company's named executive officers EVERY YEAR.

4. RATIFICATION OF SELECTION OF AUDITORS

The Board of Directors selected Marcum LLP, as the Company's independent auditors for the fiscal year ending June 30, 2016. The stockholders will be asked to ratify this action by the Board. Marcum LLP were the Company's auditors for the fiscal years ended June 30, 2013, June 30, 2014 and June 30, 2015.

One or more representatives of Marcum LLP, are expected to be present at the Meeting with the opportunity to make a statement if they desire to do so, and to be available to respond to appropriate questions.

The affirmative vote of shares holding a majority of the votes represented at the meeting is required to ratify the selection of auditors by the Board of Directors. **THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE PROPOSAL.**

AUDIT FEES

The aggregate fees billed by Marcum LLP for the audit of the Company's annual financial statements for the fiscal year ended June 30, 2015 and the reviews of the financial statements included in the Company's Forms 10-Q for the fiscal year ended June 30, 2015 were \$364,136.

The aggregate fees billed by Marcum LLP for the audit of the Company's annual financial statements for the fiscal year ended June 30, 2014, and the reviews of the financial statements included in the Company's Forms 10-Q for the fiscal year ended June 30, 2014 were \$657,544.

All work on the audits in each of the last two fiscal years was performed by full-time permanent employees of Marcum LLP.

AUDIT-RELATED FEES

No audit-related fees were billed by Marcum LLP for the fiscal years ended June 30, 2015 and June 30, 2014 for services related to the audit or review of our financial statements that are not included under the caption "AUDIT FEES".

TAX FEES

The aggregate fees billed by Marcum LLP for tax compliance, tax advice and tax planning in the fiscal years ended June 30, 2015 and June 30, 2014 were \$14,123 and \$23,680, respectively.

ALL OTHER FEES

No fees were billed by Marcum LLP for any other services during the fiscal years ended June 30, 2015 and June 30, 2014.

Since January 1, 2013, the audit committee has adopted policies and procedures for pre-approving all non-audit work performed by its auditors. Specifically, the committee must pre-approve the use of the auditors for all such services. The audit committee has pre-approved all non-audit work since that time and in making its determination has considered whether the provision of such services was compatible with the independence of the auditors.

The Company's audit committee believes that the provision by Marcum LLP of services in addition to audit services in fiscal 2015 and 2014 were compatible with maintaining their independence. The services to be performed are presented by Marcum LLP to the committee or its chairman. The matter is then evaluated and a decision made.

PROPOSALS OF STOCKHOLDERS

Proposals of stockholders intended to be presented at next year's annual meeting of stockholders must be received by the Company no later than February 11, 2017 to be included in the Company's proxy statement and form of proxy related to that meeting.

SOLICITATION OF PROXIES

The proxy accompanying this proxy statement is solicited by the Board of Directors of the Company. Proxies may be solicited by officers, directors, and regular supervisory and executive employees of the Company, none of whom will receive any additional compensation for their services. Such solicitations may be made personally, or by mail, e-mail, facsimile, telephone, telegraph, or messenger. The Company will pay persons holding shares of stock in their names or in the names of nominees, but not owning such shares beneficially, such as brokerage houses, banks, and other fiduciaries, for the expense of forwarding solicitation materials to their principals. All of the costs of solicitation of proxies will be paid by the Company.

VOTING TABULATION

The election of the Company's directors requires a plurality of the votes represented in person or by proxy at the meeting. The ratification of proposals and the selection of auditors requires the affirmative vote of a majority of the votes represented in person or by proxy at the meeting. Votes cast by proxy or in person at the meeting will be tabulated by the Company.

A stockholder who abstains from voting on any or all proposals will be included in the number of shareholders present at the meeting for the purpose of determining the presence of a quorum. Abstentions will not be counted either in favor of or against the election of the nominees or other proposals. Under the rules of the National Association of Securities Dealers, brokers holding stock for the accounts of their clients who have not been given specific voting

instructions as to a matter by their clients in certain cases may vote their clients' proxies in their own discretion. Where a proposal requires a majority of the votes present for its passage, an abstention or broker non-vote will have the same effect as a negative vote.

OTHER MATTERS

The Board of Directors does not intend to bring any other business before the meeting, and so far as is known to the Board, no matters are to be brought before the meeting except as specified in the notice of the meeting. However, as to any other business which may properly come before the meeting, it is intended that proxies, in the form enclosed, will be voted in respect thereof in accordance with the judgment of the persons voting such proxies, where the authorization to do so has been granted.

DATED: Melville, New York, May 4, 2016

A COPY OF THE COMPANY'S FORM 10-K REPORT FOR FISCAL YEAR 2015 CONTAINING INFORMATION ON OPERATIONS, FILED WITH THE SECURITIES AND EXCHANGE COMMISSION, IS AVAILABLE UPON REQUEST. PLEASE WRITE TO:

INVESTOR RELATIONS DEPARTMENT

FONAR CORPORATION

110 MARCUS DRIVE

MELVILLE, NEW YORK 11747

FONAR CORPORATION

Proxy - Annual Meeting of Stockholders

June 13, 2016 10:00 AM

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned, a stockholder of Fonar Corporation (the "Company"), hereby revoking any proxy heretofore given, does hereby appoint Raymond V. Damadian, Luciano Bonanni, Daniel Culver and Ellen Yeske, and each of them, proxies with full power of substitution, for and in the name of the undersigned to attend the Annual Meeting of the Stockholders of the Company to be held at the Double Tree Hotel, Wilmington Downtown, 700 King Street, Wilmington, Delaware on June 13, 2016 at 10:00 a.m., local time, and at any adjournment(s) thereof, and there to vote upon all matters specified in the notice of said meeting, as set forth herein, and upon such other business as may properly and lawfully come before the meeting, all shares of stock of the Company which the undersigned would be entitled to vote if personally present at said meeting.

THIS PROXY WHEN PROPERLY EXECUTED WILL BE VOTED IN THE MANNER DIRECTED HEREIN BY THE UNDERSIGNED STOCKHOLDER. IF NO DIRECTION IS GIVEN, SUCH SHARES WILL BE VOTED FOR ALL PROPOSALS.

The Board of Directors Recommends you vote for the following:

No. 1. Election of Directors

FOR
WITHHOLD ALL FOR ALL EXCEPT
ALL

INSTRUCTION: To withhold authority to vote for any individual nominee(s), mark "FOR ALL EXCEPT" and circle or cross out the name(s) of those nominee(s).

01 - Raymond V. Damadian, 02 - Claudette J. V. Chan, 03 - Robert J. Janoff,

04 - Charles N. O'Data, 05 – Ronald G. Lehman

The Board of Directors recommends you vote for proposals 2, 3 and 4:

No. 2. On an advisory basis, to approve the executive compensation.

FOR AGAINST ABSTAIN

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No. 3. On an advisory basis, to recommend the frequency of the advisory vote on executive compensation. The board recommends you vote for a frequency of ONE YEAR.

ONE YEAR TWO YEARS THREE YEARS ABSTAIN

No. 4. To ratify the selection of Marcum LLP as the Company's independent auditors for the fiscal year ended June 30, 2016.

FOR
AGAINST ABSTAIN

No. 5. In their discretion, the Proxies are authorized to vote upon such other business as may properly come before the meeting.

FOR
AGAINST ABSTAIN

Signature Date

Signature (Joint owners) Date

Please sign exactly as your name(s) appear(s) hereon or on your stock certificate(s). When signing as an attorney, executor, proxy, administrator, trustee, guardian or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation, please sign in full corporate name, by an authorized officer. If a partnership, limited liability company or other entity, please sign in the company's name by an authorized person, indicating your capacity.

FONAR CHAIRMAN'S LETTER TO SHAREHOLDERS**May 2016****Dear Shareholders:**

I am pleased to report to our shareholders that as of December 31, 2015, FONAR posted 22 consecutive quarters of positive net income and positive income from operations.

Fiscal Year Ended June 30,	2010	2011	2012	2013	2014	2015
Total FONAR Revenues	\$31,815,555	\$33,136,395	\$39,444,419	\$49,141,814	\$68,505,477	\$69,050,996
Total FONAR Net (Loss) Income	\$(3,012,742)	\$3,309,019	\$6,875,073	\$10,256,362	\$13,396,769	\$15,430,383
Diluted Net (Loss) Income Per Common Stockholder	\$(0.61)	\$0.55	\$0.91	\$1.34	\$1.58	\$1.95

The Company stock, which is listed on the NASDAQ Capital Markets under the symbol FONR, has enjoyed substantial interest by institutions and mutual funds. As of December 31, 2015, institutional ownership stood at 33%, compared to 19% one year earlier. In addition, as of December 31, 2015, mutual fund ownership stood at 9% compared to 6% one year earlier. This places our total ownership by institutions and mutual funds at 42%, an increase of 66% since last year.

The largest area of growth was in the company's diagnostic imaging management segment, Health Management Company of America (HMCA). Credit for this remarkable achievement goes primarily to the contributions of my son, Timothy Damadian, and the management team he promptly assembled when he returned to FONAR in February, 2010. Tim was named President and Chief Executive Officer of FONAR on February 11, 2016. I remain FONAR's Chairman of the Board.

Since Tim returned six years ago, I have relied on his managerial, financial and operational skills to direct the company's business and affairs. At the time of Tim's return, HMCA was managing 9 MRI facilities (6 in New York and 3 in Florida) that had completed approximately 29,000 scans in calendar 2009. We immediately implemented Tim's ideas, methods and business plan for growing HMCA. By increasing scan volume at HMCA's existing facilities, establishing de novo centers, and by acquisitions, the company now manages 25 facilities (18 in New York and 7 in Florida) that collectively completed over 150,000 scans in 2015. Twenty-four of the 25 centers are equipped with FONAR UPRIGHT® Multi-Position™ MRIs; the remaining center is equipped with a FONAR QUAD™ 12000.

The decision to appoint Tim the president and CEO of FONAR was not a difficult one. His vision, direction, and management skills had accounted for FONAR's success for over six years. He has also been heavily involved with development of FONAR technology, where his keen understanding of the MRI marketplace and the needs and trends of MRI practitioners has been invaluable in helping me to guide the company's R&D program. Tim is the perfect fit to ensure FONAR's success for years to come.

The Growth of HMCA

The business plan for growing HMCA is three-pronged: increasing scan volume at existing facilities, establishing de novo centers, and making acquisitions.

- **Increasing Scan Volume**

Overall scan volume at existing HMCA-managed centers has been achieved by improved marketing strategies, changes in center management where necessary, enhanced customer service, increased awareness of the features and benefits of FONAR technology in the medical community and the general public, and, in cases where demand exceeded capacity, by adding complementary ancillary equipment, including X-Ray machines, MRI extremity scanners or High-Field MRIs.

In regard to centers that have such ancillary equipment, it is important to point out that the FONAR UPRIGHT® Multi-Position™ MRI is, in every case, the “anchor” modality. Add-on equipment is helpful to reduce appointment backlogs or to offer referring physicians “one-stop shopping” for all their MRI needs, but it is the URRIGHT® MRI that has the strongest appeal to both referring doctors and patients. Of the 25 HMCA-managed facilities, four Florida sites and three New York sites now have ancillary equipment.

- **De Novo Centers**

In February 2016, the Stand-Up MRI of Great Neck, a de novo center, opened its doors in Great Neck, New York. HMCA is interested in several regions of the country for additional de novo projects, primarily in New York and Florida. Demographic and competitive assessments are ongoing in search of possible de novo locations.

- **Acquisitions**

In March of 2013, our company acquired an interest in a limited liability company that in one giant step brought the number of HMCA-managed centers from eleven (11) to twenty five (25). As a measure of the success of this transaction, FONAR's net revenue for the quarter immediately preceding the acquisition was \$9.6 million; the average net revenue for the next two quarters was \$15.0 million.

We are aggressively exploring additional acquisition possibilities, ones that are compatible with our business plan and would quickly and significantly add to our net revenues and profit.

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The FONAR UPRIGHT® Multi-Position™ MRI Continues to Withstand Cuts in Reimbursement

MRI centers across the country continue to face regular, unremitting, across-the-board cuts in provider reimbursement amounts by payers of all types, including Medicare, Medicaid, Workers' Compensation and a host of commercial insurance carriers. HMCA-managed centers have been able to withstand these cuts by increasing scan volume, which is primarily attributable to the enormous appeal of the FONAR UPRIGHT® Multi-Position™ MRI.

- **A Better Diagnostic Tool Enables Better Patient Outcomes**

The FONAR UPRIGHT® MRI is equipped with a patient bed that can rotate the patient from the recumbent (lie-down) position to an upright (sitting or standing) position, making it the only Position-of-Symptoms MRI and Weight-Bearing MRI. The benefits of this unique feature continue to gain traction in the medical community because it provides referring physicians better outcomes for their patients. Weight-bearing MRI enables more complete diagnoses in comparison to conventional "weightless," recumbent-only MRIs. The UPRIGHT® MRI has the power to "see it all" and is therefore essential to referring physicians for achieving their ultimate objective of optimizing patient outcomes and avoiding the risk of adopting a treatment plan that could consequently result in a poor outcome.

- **The Most Patient-Friendly™ MRI**

The rate of claustrophobic rejection by patients scanned in a FONAR UPRIGHT® Multi-Position™ MRI is nearly zero percent. The overwhelming majority of patients are scanned sitting while watching their choice of programming on a large TV. It is not unusual to learn of patients travelling hundreds of miles to the nearest UPRIGHT® MRI center in order to avoid our competitors' highly claustrophobic "tube" or "tunnel" MRI. The FONAR UPRIGHT® Multi-Position™ MRI can also accommodate very large patients who simply can't fit into other MRI scanners, as well as patients who are physically unable to lie down, such as kyphotic patients.

A Brief Overview of FONAR and HMCA

FONAR is the Original MRI Company – the first company to produce an MRI scanner. With great pride, we call FONAR the inventor of the MRI scanner. FONAR was incorporated in 1978 and introduced the first commercial MRI scanner (the QED 80) in 1980. We have installed approximately 300 recumbent-OPEN MRIs and 160 FONAR UPRIGHT® Multi-Position™ MRIs world-wide. The company, headquartered on Long Island, New York, became a publicly-traded company in 1981.

Our primary product is the FONAR UPRIGHT® Multi-Position™ MRI (also known as the STAND-UP® MRI), the only whole-body MRI that performs Position™ Imaging (pMRI™) and scans patients in numerous weight-bearing positions, i.e. standing, sitting, bending, in flexion and extension, as well as the conventional lie-down position. The FONAR UPRIGHT® Multi-Position™ MRI often detects patients' problems that lie-down MRIs cannot.

In 1997, we formed the diagnostic imaging management segment of our business. Today, HMCA provides non-medical management services for diagnostic imaging centers, predominately those equipped with FONAR UPRIGHT® Multi-Position™ MRIs.

Since its inception, HMCA has been a steady source of income for FONAR. In times when industry-wide MRI sales dropped significantly, we successfully redirected our resources to our Field Service Division and, more importantly, to HMCA. Over the past six years, HMCA has emerged as the company's leading source of revenue and profit.

Recent News and Developments from FONAR

- **A New Book, “THE CRANIOCERVICAL SYNDROME AND MRI,”
Highlights the Unique Attributes of FONAR UPRIGHT® MRI Imaging**

This 94-page, seven chapter monograph entitled, “The Craniocervical Syndrome and MRI” was published by S. Karger, AG, (www.karger.com/Book/Home/261956). It examines the impact of rapid advances in MRI that are transforming the treatment of patients suffering from the craniocervical syndrome (CCS). It is written by leading international experts in the field to provide practitioners with a better understanding of the subtle anatomy and MRI appearances at the craniocervical junction, the junction of the human skull with the first two vertebra of the spine, the atlas vertebra (C-1), spine vertebra #1 and the axis vertebra (C-2), spine vertebra # 2, that provides the axis of rotation for the head. The Craniocervical Syndrome monograph compiles the symptoms and medical disabilities that result from common injuries to the head and neck, e.g. 1.2 million automobile whiplash injuries occurring annually in the U.S. Of particular importance, highlighted by the authors, is the newly discovered physiologic importance of the dynamic role of the cerebrospinal fluid (CSF) circulation throughout the brain and spinal column, which is circulating from the brain to the bottom of the spine at the rate of 32 quarts per day. With the advent of FONAR's new technology for capturing realtime video visualization (“movies”) of the CSF as it moves in and out of the UPRIGHT® brain, the widespread pressure of the obstructions to the CSF flow in and out of the brain as a result of trauma injuries to the neck, is now believed by FONAR and scientists working in collaboration with FONAR to be playing a major role in the genesis of the neurodegenerative diseases such as Alzheimer's, Childhood Autism, Parkinson's, Multiple Sclerosis and Amyotrophic Lateral Sclerosis (ALS). It directs attention to the revolutionary importance of FONAR's new UPRIGHT® MRI imaging technology and the prospect of significantly relieving the suffering of the millions of patients afflicted with these disorders.

- **ESPN TV Documentary on '85 Chicago Bears Features
The FONAR UPRIGHT® Multi-Position™ MRI**

A two-hour '30 for 30' documentary on the 1985 Chicago Bears was shown nationwide on ESPN1 on February 4, 2016. The documentary featured a short segment on former 1985 Chicago Bears quarterback Jim McMahon's health crisis.

After being diagnosed in November 2012 on the FONAR UPRIGHT® Multi-Position™ MRI, former NFL quarterback Jim McMahon, who suffered from post-concussion dementia, was able to receive appropriate treatment and relief of his symptoms.

Mr. McMahon, who guided the Chicago Bears to victory at the 1985 Super Bowl, has benefited from having used the FONAR UPRIGHT® MRI scanner at FONAR's Melville corporate headquarters. Mr. McMahon had severe headaches, body pain, dementia and other debilitating symptoms. FONAR's new technology for making cinés (movies) of cerebrospinal fluid (CSF) as it flows in and out of the brain when the patient is in the Upright position was a promising technology to help McMahon. Through a mutual friend, former FONAR Senior Vice President David Terry contacted Mr. McMahon and scheduled him for an UPRIGHT® CSF flow study at FONAR's Melville MRI facility. The FONAR UPRIGHT® CSF flow video demonstrated a significant obstruction of CSF flow and increased intracranial pressure (ICP) secondary to prior football injuries to Mr. McMahon's neck (cervical spine). Subsequently he was treated by Dr. Scott Rosa, of the Trauma Imaging Foundation (www.traumaimagingfoundation.com) who treated Mr. McMahon with his patented IGAT (Image Guided Atlas Treatment) method. Mr. McMahon gives much credit to the FONAR UPRIGHT® Multi-Position™ MRI (aka The Stand-Up® MRI) and Dr. Scott Rosa for relieving his pain and post trauma symptoms. His experiences are reported and found online by The Stamford Advocate (Jan. 17, 2014) and The Yankees Yes Network.

A result of FONAR's findings and the new understanding of the role that cervical trauma plays in the etiology of disease, I believe it is imperative to certify that the sustained neck or head injuries of professional athletes such as NFL football players, whiplash patients and others with severe neck trauma, has been observed to cause obstruction of CSF flow and heightened ICP.

- **New Book, "GIFTED MIND"
The Dr. Raymond Damadian Story, Inventor of the MRI**

Written by Jeff Kinley and Dr. Raymond Damadian, Gifted Mind (Master Books, 2016), the 240-page biography/autobiography tells of Dr. Damadian's incredible journey of discovery, in spite of academia's mocking skepticism and a shoestring budget, from the making of the first MRI image of a human being, the construction of the world's first human-size MRI scanner, Dr. Damadian's battle with GE and others to protect his discovery, and the role

his faith has played throughout it all.

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SALES

The FONAR UPRIGHT® Multi-Position™ MRI is truly a unique product. It produces exquisite images of the body in all positions. Besides its ability to provide all the routine scans of a conventional lie-down-only MRI, the UPRIGHT® offers a host of new medical applications with the potential to provide new insights into the debilitating chronic consequences of sports injuries, the current epidemic of automobile whiplash injuries, injuries to our military personnel, low-back injuries, and pediatric disabilities and pathologies.

Nevertheless, record-low reimbursement rates coupled with an economy that has yet to fully recover from the recession continue to hamper sales. However, as evidenced by the consistent success of HMCA-managed sites, diagnostic imaging centers equipped with FONAR UPRIGHT® Multi-Position™ MRIs are able to thrive in even the most difficult of business environments. The proof is irrefutable. As an increasing number of medical practitioners recognize the power and potential of the FONAR UPRIGHT® Multi-Position™ MRI and as the general public becomes more aware of The Patient-Friendly™ MRI, I fully expect a resurgence of sales

CONCLUSION

It is very gratifying, after many years of struggles, to have developed an indispensable MRI product and to have arrived at and implemented a business strategy that, even in the face of severe obstacles, has given FONAR nearly six unbroken years of success.

I remain grateful to our stockholders, customers and employees for their loyal support.

Sincerely,

/s/ Raymond V. Damadian

Raymond V. Damadian

Chairman

SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended June 30, 2015

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES AND EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File No. 0-10248

FONAR CORPORATION

(Exact name of registrant as specified in its charter)

DELAWARE
(State of incorporation)

11-2464137
(IRS Employer Identification Number)

110 Marcus Drive, Melville, New York 11747
(Address of principal executive offices) (Zip Code)

(Registrant's telephone number, including area code (631) 694-2929

Securities registered pursuant to Section 12(b) of the Act:

Common Stock, par value \$.0001 per share

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant (1) has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers, pursuant to Item 405 of Regulation S-K, §229.405 of this Chapter, is not contained, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this 10-K or any amendment to the Form 10-K. [X]

FONAR CORPORATION AND SUBSIDIARIES

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of “large accelerated filer”, “accelerated filer and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company (Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

The aggregate market value of the shares of Common Stock held by non-affiliates as of December 31, 2014 based on the closing price of \$10.40 per share on such date as reported on the NASDAQ System, was approximately \$63 million. The other outstanding classes do not have a readily determinable market value.

As of September 11, 2015, 6,050,840 shares of Common Stock, 146 shares of Class B Common Stock, 382,513 shares of Class C Common Stock and 313,438 shares of Class A Non-voting Preferred Stock of the registrant were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

None

FORM 10-K

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FONAR CORPORATION AND SUBSIDIARIES

PART I

ITEM 1. BUSINESS

GENERAL

Fonar Corporation, sometimes referred to as the "Company" or "Fonar", is a Delaware corporation which was incorporated on July 17, 1978. Our address is 110 Marcus Drive, Melville, New York 11747 and our telephone number is 631-694-2929. Fonar also maintains a website at www.fonar.com. Fonar provides copies of its filings with the Securities and Exchange Commission on Forms 10-K, 10-Q and 8-K and amendments to these reports to stockholders on request.

We conduct our business in two segments. Our medical equipment segment is conducted directly through Fonar. Our physician management and diagnostic services segment is conducted through our subsidiary Health Management Company of America ("HMCA"), also called Health Diagnostics Management, LLC. HMCA provides management services, administrative services, billing and collection services, office space, equipment, repair, maintenance service, and clerical and other non-medical personnel to medical providers engaged in diagnostic imaging. In addition to acting as a management company, HMCA owns and operates four diagnostic imaging facilities in Florida, where the corporate practice of medicine is permitted.

We restructured the corporate organization of our physician and diagnostic services management segment of our business effective July 1, 2015. Imperial Management Services, LLC ("Imperial"), a subsidiary which owned the assets used in the business of its parent, Health Management Corporation of America (which is wholly-owned by Fonar), transferred those assets to Health Diagnostics Management, LLC ("HDM"), which is another subsidiary of Health Management Corporation of America. As a result, going forward our physician and diagnostic management business will be conducted entirely through HDM, which is operating under the assumed name Health Management Company of America.

Fonar is engaged in the business of designing, manufacturing, selling and servicing magnetic resonance imaging scanners, also referred to as "MRI" or "MR" scanners, which utilize MRI technology for the detection and diagnosis of human disease, abnormalities, other medical conditions and injuries. Fonar's founders built the first MRI scanner in 1977 and Fonar introduced the first commercial MRI scanner in 1980. Fonar is also the originator of the iron-core non-superconductive and permanent magnet technology.

Fonar's iron frame technology made Fonar the originator of "open" MRI scanners. We introduced the first "open" MRI in 1980. Since that time we have concentrated on further application of our "open" MRI, introducing most recently the

Upright® Multi-Position™ MRI scanner (also referred to as the “Upright®” or “Stand-Up®” MRI scanner) and the Fonar 360™ MRI scanner. (The Fonar 360™ MRI is not presently being marketed).

The product we are promoting is our Upright® MRI. Our patented Upright® MRI is unique in the industry in that it allows patients to be scanned in fully weight-bearing conditions, such as standing, sitting or bending in any position that causes adverse symptoms. This means that an abnormality or injury, such as a slipped disk can be visualized where it may not have been seen with the patient lying down. We have introduced the name “Upright®” as an alternative to “Stand-Up®” because of the multiplicity of positions in which the patient may be scanned where the patient is not standing.

See Note 17 to the Consolidated Financial Statements for separate financial information regarding our medical equipment and physician and diagnostic management services segments.

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FONAR CORPORATION AND SUBSIDIARIES

FORWARD LOOKING STATEMENTS.

Certain statements made in this Annual Report on Form 10-K are

"forward-looking statements", within the meaning of the Private Securities Litigation Reform Act of 1995, regarding the plans and objectives of Management for future operations. Such statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These forward-looking statements are based on current expectations that involve numerous risks and uncertainties. Our plans and objectives are based, in part, on assumptions involving the expansion of business. These assumptions involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond our control. Although we believe that our assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Annual Report will prove to be accurate. In light of the significant uncertainties inherent in our forward-looking statements, the inclusion of such information should not be regarded as a representation by us or any other person that our objectives and plans will be achieved.

THE UPRIGHT® MRI SCANNER.

The Upright® MRI (also known as the "Stand-Up® MRI") is a "whole-body" MRI, meaning it can be used to scan any part of the body. Unlike conventional recumbent MRI scanners, the Upright® MRI permits MRI diagnoses to be made in the weight-bearing state. The Upright® MRI allows patients to be scanned while standing, sitting, bending or lying down. This means that an abnormality or injury, such as a slipped disk, may be scanned under full weight-bearing conditions, which more often than not is the position in which patients experience pain. An adjustable bed allows patients to stand, sit or lie on their backs, sides or stomachs. The Upright® MRI is by design, a non-claustrophobic MRI scanner.

HMCA manages a total of 24 MRI scanning facilities, four of which are owned by subsidiaries of HMCA. Seventeen facilities are located in New York and seven are located in Florida. (The four facilities owned by HMCA subsidiaries are in Florida, where the corporate practice of medicine is permitted). Twenty-three facilities are equipped with Upright MRI scanners. We believe that the utilization of Fonar Upright MRI scanning systems, which are produced under the protection of our patents, have been a significant factor in the increased patient volume of the scanning facilities.

MEDICAL EQUIPMENT SEGMENT

PRODUCTS

The Fonar Upright® MRI is a weight-bearing whole-body open MRI system which enables positional MRI (pMRI®) applications. Operating at a magnetic field strength of 0.6 Tesla, the scanner is a powerful, diagnostically versatile and cost-effective open MRI that provides a broad range of clinical capabilities and a complete set of imaging protocols. Patients can be scanned standing, bending, sitting, upright at an intermediate angle and in the conventional recumbent position. This multi-positional MRI system accommodates an unrestricted range of motion for flexion, extension, lateral bending, and rotation studies of the cervical (upper) and lumbar (lower) spine. Previously difficult patient scanning positions can be achieved and compared using the system's MRI-compatible, three-dimensional, motorized patient handling system. The system's lift and tilt functions deliver the targeted anatomical region to the center of the magnet. True image orientation is assured, regardless of the rotation angle, via computer read-back of the table's position.

There is considerable evidence that the weight-bearing Upright® MRI provides medical benefits not duplicated by any other MRI scanner because patient positioning plays a critical role in detecting clinically significant pathology.

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For instance, the Fonar Upright® technology has demonstrated its key value on patients with the Arnold-Chiari Syndrome, cerebellar tonsillar ectopia (CTE), which is believed to affect 200,000 to 500,000 Americans. In this syndrome, brain stem compression and subsequent severe neurological symptoms occur in these patients, when because of weakness in the support tissues within the skull, the brain stem descends and is compressed and entrapped at the base of the skull in the foramen magnum, which is the circular bony opening at the base of the skull where the spinal cord exits the skull. The brain structures “entrapped” in Chiari Syndrome are the lowest lying structures of the brain, the tonsils of the cerebellum. The Chiari Syndrome is therefore alternately named Cerebellar Ectopia (CTE) indicating the displacement (ectopia) of these Cerebellar tonsils in this syndrome. Classic symptoms of the Chiari Syndrome include the “drop attack,” where the patient unexpectedly experiences an explosive rush or nervous discharge at the base of the brain which rushes down the body to the extremities, causing the patient to collapse in a temporary neuromuscular paralysis; this subsides when the patient is lying down. Conventional lie-down MRI scanners cannot make an adequate evaluation of the pathology since the patient’s pathology is most visible and the symptoms most acute when the patient is scanned in the upright weight-bearing position.

A publication in the Journal “Brain Injury” (Brain Injury 2010, 24 (7-8) 988-994) of 1,200 neck pain patients reported that the fallen cerebellar tonsils of the brain (CTE) were missed 75% of the time when the patient was scanned only in the recumbent position. It is critical to have an image of the patient in an upright position so that the neurosurgeons can fully evaluate the extent of the brain stem compression which is occurring so they can choose the most appropriate surgical approach for the operative repair.

The study was published by 10 authors from distinguished universities in the United States and around the world. The study reported that Cerebellar Tonsillar Ectopia Herniation (CTE) was missed 75% of the time when the patient was scanned lying down instead of upright. At the current rate of 1,000,000 automobile whiplash injuries in the U.S. per year, 600,000 patients each year would have the pathology responsible for their symptoms go undetected if they were examined solely in a conventional recumbent-only MRI.

The Upright® MRI has also demonstrated its value for patients suffering from scoliosis. Scoliosis patients have been typically subjected to routine x-ray exams for years and must be imaged upright for an adequate evaluation of their scoliosis. Because the patient must be standing for the exam, an x-ray machine has been the only modality that could provide that service. The Upright® MRI is the only MRI scanner that allows the patient to stand during the MRI exam. Fonar has developed a new RF receiver and scanning protocol that for the first time allows scoliosis patients to obtain diagnostic pictures of their spines without the risks of x-rays. A study by the National Cancer Institute (2000) of 5,466 women with scoliosis reported a 70% increase in breast cancer resulting from 24.7 chest x-rays these patients received on the average in the course of their scoliosis treatment.

The Upright® MRI is also the world’s most non-claustrophobic whole-body MRI scanner. Patients can simply walk into the magnet, stand or sit for their scans and then walk out. The magnet’s front-open and top-open design provides an unprecedented degree of comfort because there is nothing in front of the patient’s face except for a large (42”)

flat-screen TV that is mounted on the wall. The default position for the bed is a tilt back of seven degrees that minimizes patient motion. Special coil fixtures, a patient seat, Velcro straps, and transpolar stabilizing bars are also used to keep the patient comfortable and motionless throughout the scanning process.

Full-range-of-motion studies of the joints in a multiple of directions are possible, an especially promising feature for sports injuries. Full Range of Motion cines, or movies, of the lumbar spine can also be achieved under full body weight.

The Upright® MRI is designed to maximize image quality through an optimal combination of signal-to-noise (S/N) and contrast-to-noise (C/N) ratios. The technical improvements realized in this scanner's design over its lower field strength predecessors also include increased image-processing speed and diagnostic flexibility.

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Fonar created the high-field open MRI market