
Stipulated Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Names of the Claimants

Richard Ray, Charles Ray and
Ray Services, Inc., an Alabama corporation

Case Number: 02-06620

Names of the Respondents

Aura Financial Services, Inc.
Sterne, Agee & Leach, Inc.

Hearing Site: Atlanta, Georgia

Nature of the Dispute: Customer vs. Member.

REPRESENTATION OF PARTIES

For Richard Ray ("RR"), Charles Ray ("CR") and Ray Services, Inc. ("RSI"), an Alabama corporation, hereinafter collectively referred to as "Claimants": Charles M. Thompson, Esq., Charles M. Thompson & Associates, P.C., Birmingham, Alabama.

For Respondent Aura Financial Services, Inc., hereinafter referred to as "Aura": Richard W. Lewis, Esq., Austill, Lewis & Simms, P.C., Birmingham, Alabama.

For Respondent Sterne, Agee & Leach, Inc., hereinafter referred to as "Sterne": A. Inge Selden, III, Esq. and R. Allen Kilgore, Jr., Esq., Maynard, Cooper & Gale, P.C., Birmingham, Alabama.

CASE INFORMATION

Statement of Claim filed on or about: November 1, 2002.

Claimants signed the Uniform Submission Agreement: November 20, 2002.

Statement of Answer filed by Respondent Aura on or about: January 24, 2003.

Respondent Aura signed the Uniform Submission Agreement: December 12, 2002.

Statement of Answer, Motion to Dismiss and Memorandum in Support of its Motion to Dismiss filed by Respondent Sterne on or about: February 7, 2003.

Claimants' Opposition to Respondent Sterne's Motion to Dismiss filed on or about: May 30, 2003.

Reply to Claimants' Opposition to Respondent Sterne's Motion to Dismiss filed by Respondent Sterne on or about: July 2, 2003.

Respondent Sterne did not file an executed Uniform Submission Agreement.

CASE SUMMARY

Claimants asserted the following causes of action: misrepresentation; unsuitability; unauthorized trading; failure to disclose margin risk; and, failure to supervise. The causes of action relate to trading on margin and in unspecified options in Claimants' accounts.

Unless specifically admitted in its Answer, Respondent Aura denied the allegations made in the Statement of Claim and asserted various defenses.

Unless specifically admitted in its Answer, Respondent Sterne denied the allegations made in the Statement of Claim, asserted various defenses and asserted a Motion to Dismiss on the basis that, as the clearing broker, Respondent Sterne was not liable to Claimants for any alleged misconduct on the part of the introducing broker.

In response to Respondent Sterne's Motion to Dismiss, Claimants denied the assertions therein.

RELIEF REQUESTED

Claimants requested compensatory damages in the following amounts:

\$196,811.64 in Claimant RSI's account;
\$120,869.26 in Claimant RR's account; and,
\$15,000.00 in Claimant CR's account.

In addition, Claimants requested punitive damages, interest, forum fees, costs and attorney's fees.

Respondent Aura requested dismissal of Claimants' claims.

Respondent Sterne requested that the claim against it be dismissed and that all costs be assessed against Claimants.

OTHER ISSUES CONSIDERED AND DECIDED

Respondent Sterne did not file with NASD Dispute Resolution a properly executed submission to arbitration but is required to submit to arbitration pursuant to the NASD Code of Arbitration Procedure (the "Code") and, having answered the claim, is bound by the determinations of the Panel on all issues submitted.

On or about January 21, 2003, Claimant RR filed a petition for relief under Chapter 7 of the United States Bankruptcy Code. Thereafter, on or about March 21, 2003, Respondent Aura filed a Motion to Stay, or in the Alternative, Motion to Dismiss requesting that this matter be stayed pending the substitution of the bankruptcy trustee in place of Claimant RR or, in the event the bankruptcy trustee declined to prosecute this matter, dismissal of Claimant RR's claims. On or about June 19, 2003, the United States Bankruptcy Court entered an order approving Charles M. Thompson, Esq. as legal counsel for the representation of the bankruptcy estate of Claimant RR in this matter. On or about July 18, 2003, the Panel issued an order declaring that Respondent Aura's Motion to Stay, or in the Alternative, Motion to Dismiss was moot.

On or about July 18, 2003, the Panel issued an order granting Respondent Sterne's Motion to Dismiss.

On or about September 23, 2004, Claimants notified NASD Dispute Resolution that this matter had been settled.

On or about January 5, 2005, the parties submitted a Joint Petition of Dismissal and Joint Request for Expungement with a request that the Panel expunge this matter from non-party Tim Gautney's NASD Central Registration Depository ("CRD") records. Thereafter, on or about January 18, 2005, the Panel issued an order granting the parties' request.

The parties have agreed that the Stipulated Award in this matter may be executed in counterpart copies.

AWARD

After considering the pleadings, the Joint Petition of Dismissal and Joint Request for Expungement and the record in this matter, the Panel has decided in full and final resolution of the issues submitted for determination as follows:

Claimants' claims against Respondent Aura are dismissed, with prejudice.

The Panel recommends the expungement of all references to the above captioned arbitration from non-party Tim Gautney's registration records, Form U-4 and/or any other regulatory forms maintained by the NASD CRD, with the understanding that pursuant to NASD Notices to Members 99-09 and 99-54, non-party Tim Gautney must obtain confirmation from a court of competent jurisdiction before the NASD CRD will execute the expungement directive.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

NASD Dispute Resolution will retain or collect the non-refundable filing fees for each claim:

Initial claim filing fee	= \$ 300.00
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Member Fees

Member fees are assessed to each member firm that is a party in these proceedings or to the member firms that employed the associated persons at the time of the events giving rise to the dispute. In this matter, the member firms Aura Financial Services, Inc. and Sterne, Agee & Leach, Inc. are parties.

Member surcharge	= \$1,700.00
Pre-hearing process fee	= \$ 750.00
Hearing process fee	= \$2,750.00

Adjournment Fees

Adjournment granted during these proceedings for which fees were assessed:

April 6-9, 2004, adjournment requested by Respondent Aura	= \$ 1,125.00
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The Panel has assessed \$1,125.00 of the adjournment fees to Respondent Aura.

Three-Day Cancellation Fees

Fees apply when a hearing on the merits is postponed or settled within three business days before the start of a scheduled hearing session:

September 27-30, 2004, settlement notice received on September 23, 2004 = \$ 300.00

The Panel has assessed \$150.00 of the three-day cancellation fees jointly and severally to Claimants.

The Panel has assessed \$150.00 of the three-day cancellation fees to Respondent Aura.

Injunctive Relief Fees

Injunctive relief fees are assessed to each member or associated person who files for a temporary injunction in court. Parties in these cases are also assessed arbitrator travel expenses and costs when an arbitrator is required to travel outside his or her hearing location and additional arbitrator honoraria for the hearing for permanent injunction. These fees, except the injunctive relief surcharge, are assessed equally against each party unless otherwise directed by the Panel.

No injunctive relief fees were incurred in this matter.

Forum Fees and Assessments

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

One (1) Pre-hearing session with a single arbitrator @ \$450.00	= \$ 450.00
Pre-hearing conference: April 30, 2004 1 session	
Two (2) Pre-hearing sessions with the Panel @ \$1,125.00	= \$2,250.00
Pre-hearing conferences: June 4, 2003 1 session	
July 18, 2003 1 session	
Total Forum Fees	= \$2,700.00

The Panel has assessed \$1,350.00 of the forum fees jointly and severally to Claimants.

The Panel has assessed \$1,350.00 of the forum fees to Respondent Aura.

Administrative Costs

Administrative costs are expenses incurred due to a request by a party for special services beyond the normal administrative services. These include, but are not limited to: additional copies of arbitrator awards; copies of audio transcripts; retrieval of documents from archives; interpreters; and, security.

No administrative costs were incurred in this matter.

Fee Summary

Claimants are jointly and severally liable for:

Initial Filing Fee	= \$ 300.00
Three-day Cancellation Fee	= \$ 150.00
Forum Fees	= \$ 1,350.00
Total Fees	= \$ 1,800.00
<u>Less payments</u>	<u>= \$ 1,475.00</u>
Balance Due NASD Dispute Resolution	= \$ 325.00

Respondent Aura is solely liable for:

Member Fees	= \$ 5,200.00
Adjournment Fee	= \$ 1,125.00
Forum Fees	= \$ 1,350.00
<u>Three-day Cancellation Fee</u>	<u>= \$ 150.00</u>
Total Fees	= \$ 7,825.00
<u>Less payments</u>	<u>= \$ 6,325.00</u>
Balance Due NASD Dispute Resolution	= \$ 1,500.00

Respondent Sterne is solely liable for:

<u>Member Fees</u>	<u>= \$ 5,200.00</u>
Total Fees	= \$ 5,200.00
<u>Less payments</u>	<u>= \$ 5,200.00</u>
Balance Due NASD Dispute Resolution	= \$ 0.00

All balances are payable to NASD Dispute Resolution and are due upon receipt pursuant to Rule 10330(g) of the Code.

ARBITRATION PANEL

Karla Y. Vogel, Esq.	-	Public Arbitrator, Presiding Chairperson
Emily Bourne Grigsby, Esq.	-	Public Arbitrator
Henry W. Grady, III	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures

/s/

01/24/05

Karla Y. Vogel, Esq.
Public Arbitrator, Presiding Chairperson

Signature Date

/s/

01/24/05

Emily Bourne Grigsby, Esq.
Public Arbitrator

Signature Date

/s/

01/25/05

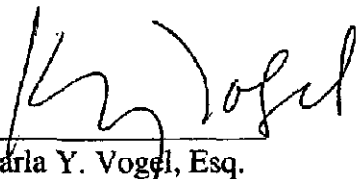
Henry W. Grady, III
Non-Public Arbitrator

Signature Date

01/27/05

Date of Service (For NASD Dispute Resolution office use only)

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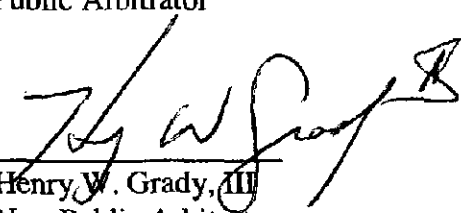
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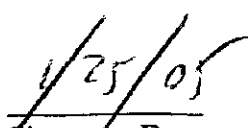
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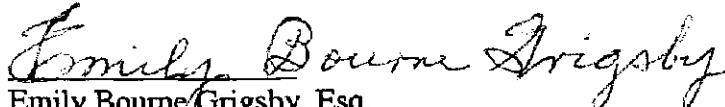
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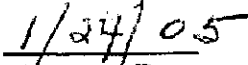
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