

**STIPULATED AWARD
NASD Dispute Resolution**

In the Matter of the Arbitration Between

Names of Claimants

Ella Hermann and Mary Weyer

and

Case Number: 04-01631
Hearing Site: Louisville, Kentucky

Names of Respondents

Aura Financial Services, Inc.,
Erik J. Matz and Timothy M. Gautney

NATURE OF CASE

Customers v. Member and Associated Persons

REPRESENTATION OF PARTIES

Ella Herrmann ("Hermann") and Mary Weyer ("Weyer"), hereinafter collectively referred to as "Claimants," were represented by Culver Halliday, Esq. and Adam Goebel, Esq., Stoll, Kennon & Park, LLP, Louisville, Kentucky.

Aura Financial Services, Inc., ("Aura"), Erik J. Matz, ("Matz"), and Timothy M. Gautney ("Gautney"), hereinafter collectively referred to as "Respondents," were represented by E. Britton Monroe, Esq. and Mickey B. Wright, Esq. of Lloyd, Gray & Whitehead, P.C., Birmingham, Alabama.

CASE INFORMATION

Claimants' Statement of Claim was filed on or about March 8, 2004.

Claimant Hermann's Uniform Submission Agreement was filed on or about March 8, 2004.

Claimant Weyer's Uniform Submission Agreement was filed on or about February 27, 2004.

Claimants' Opposition to Respondents' Motion to Sever was filed on or about May 26, 2004.

A Statement of Answer was jointly filed by the Respondents on or about May 6, 2004.

Respondent Matz's Uniform Submission Agreement was filed on or about May 5, 2004.

Respondent Aura's Uniform Submission Agreement was filed on or about May 6, 2004.

Respondent Gautney did not file a Uniform Submission Agreement.

Respondents' Motion to Sever was filed on or about May 20, 2004.

Respondents' Reply to Claimants' Opposition to Respondents' Motion to Sever was filed on or about June 3, 2004.

CASE SUMMARY

Claimants asserted various causes of action including: churning; lack of suitability; lack of supervision; dishonest and unethical practices; breach of fiduciary duty; and negligence. Claimants alleged that Respondents recommended unsuitable securities investments, which resulted in losses in their accounts.

Unless specifically admitted in their Answer, Respondents denied the allegations made in the Statement of Claim and asserted the following defenses: Claimants' claims are barred by the applicable statute of limitations; Respondents reasonably, prudently, fully, completely and truthfully disclosed to Claimants the nature, risk and costs involved in the investments selected by Claimants; and Respondents denied they intentionally, recklessly, negligently or innocently misrepresented any material fact to Claimants.

RELIEF REQUESTED

Claimants requested an award in the amount of \$585,893.00 in compensatory damages, plus punitive damages, interest, their costs and attorneys' fees, and any other relief the panel deemed just and proper.

Respondents requested that the claims asserted against them be denied in their entirety and that they be awarded their attorneys' fees. Respondents also requested that the panel expunge all references to this matter from Respondent Matz's and Gautney's CRD records.

OTHER ISSUES CONSIDERED & DECIDED

On or about April 22, 2005, the panel issued an order denying Respondents' Motion to Sever this proceeding.

Respondent Gautney did not file with the NASD Dispute Resolution a properly executed submission to arbitration but is required to submit to arbitration pursuant to Rule 10301 of

the NASD Code of Arbitration Procedure (the "Code") and having answered the claim is bound by the determination of the arbitration panel on all issues submitted.

The parties have agreed that the Award in this matter may be executed in counterpart copies or that a handwritten, signed Award may be entered. In either case, the parties have agreed to receive conformed copies of the award while the original(s) remain on file with the NASD Dispute Resolution (the "NASD").

AWARD

After considering the parties' submissions and representations, but without making any findings of fact or conclusions of law, the undersigned arbitrators order as follows:

- 1) Claimants' claims, each and all are dismissed with prejudice pursuant to the parties' settlement agreement;
- 2) The panel recommends the expungement of all reference to the above captioned arbitration from Respondents, Timothy M. Gautney's and Eric J. Matz's, registration records maintained by the NASD Central Registration Depository ("CRD"), with the understanding that pursuant to NASD Notice to Members 99-09, Respondents Gautney and Matz must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive;
- 3) Other than Forum Fees which are specified below, the parties shall each bear their own costs and expenses incurred in this matter; and
- 4) Any relief not specifically enumerated, including punitive damages and attorneys' fees, is hereby denied with prejudice.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

NASD Dispute Resolution will retain the non-refundable filing fee for each claim:

Initial claim filing fee = \$ 375.00

Member Fees

Member fees are assessed to each member firm that is a party in these proceedings or to the member firm that employed the associated person at the time of the events giving rise to the dispute. In this matter, the member firm is Aura Financial Services, Inc.

Member surcharge	= \$2,250.00
Pre-hearing process fee	= \$ 750.00
Hearing process fee	= \$4,000.00

Forum Fees and Assessments

The Arbitration Panel assesses forum fees for each hearing session conducted. A hearing 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 Panel x \$1,200.00	= \$1,200.00
Pre-hearing conference:	
January 6, 2005 1 session	
Total Forum Fees	= \$1,200.00

The Arbitration Panel has assessed \$600.00 of the forum fees jointly and severally to Ella Hermann and Mary Weyer.

The Arbitration Panel has assessed \$600.00 of the forum fees jointly and severally to Aura Financial Services, Inc., Timothy M. Gautney and Erik J. Matz.

Fee Summary

Claimants, Ella Hermann and Mary Weyer, are jointly and severally liable for:

Initial Filing Fee	= \$ 375.00
Forum Fees	= \$ 600.00
Total Fees	= \$ 975.00
Less payments	= \$1,575.00
Refund due to Claimants	= \$ 600.00

Respondent, Aura Financial Services, Inc., is liable for:

Member Fees	= \$7,000.00
Forum Fees	= \$ 600.00
Total Fees	= \$7,600.00
Less payments	= \$8,500.00
Refund due to Aura	= \$ 900.00

Respondents, Aura Financial Services, Inc., Timothy M. Gautney, and Erik J. Matz, are jointly and severally liable for:

Forum Fees	= \$ 600.00
Total Fees	= \$ 600.00
Less payments	= \$ 600.00
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

Earle R. Frost, Jr., Esq. – Public Arbitrator, Presiding Chair
Madeleine B. Feldman - Public Arbitrator
John D. Robb - Non-Public Arbitrator

Concurring Arbitrators:

/s/ Earle R. Frost, Jr., Esq.
Earle R. Frost, Jr., Esq.
Public Arbitrator, Presiding Chair

09/12/05
Signature Date

/s/ Madeleine B. Feldman
Madeleine B. Feldman
Public Arbitrator

09/15/05
Signature Date

/s/ John D. Robb
John D. Robb
Non-Public Arbitrator

09/12/05
Signature Date

09/16/05
Date of Service (For NASD office use only)

Respondents, Aura Financial Services, Inc., Timothy M. Gautney, and Erik J. Matz, are jointly and severally liable for:

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