

**NASD OFFICE OF HEARING OFFICERS**

**DEPARTMENT OF ENFORCEMENT,**

Complainant,

v.

AURA FINANCIAL SERVICES, INC.  
(CRD No. 42822),

ERIK MATZ  
(CRD No. 2715303),

LEONARD FARBER  
(CRD No. 2437625),

and

TIMOTHY GAUTNEY  
(CRD No. 2552149),

Respondents.

Disciplinary Proceeding  
No. CLI05001402

Hearing Officer—David M. FitzGerald

**ORDER ACCEPTING OFFER OF  
SETTLEMENT**

Date: December 22, 2005

**INTRODUCTION**

Disciplinary Proceeding No. CLI050014 was filed on May 26, 2005 by the Department of Enforcement of NASD ("Complainant"). Respondents Aura Financial Services, Inc. ("Aura"), Timothy Gautney ("Gautney") and Leonard Farber ("Farber") submitted Offers of Settlement ("Offers") to Complainant on November 30, 2005. Pursuant to Code of Procedure Rule 9270(e), Complainant and the National Adjudicatory Council ("NAC") Review Subcommittee or the Office of Disciplinary Affairs ("ODA") have accepted the uncontested Offers. Accordingly, this Order now is issued pursuant to Code of Procedure Rule 9270(e)(3). The findings, conclusions

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and sanctions set forth in this Order are those stated in the Offers as accepted by the Complainant and approved by the NAC.

Under the terms of the Offers, Respondents have consented, without admitting or denying the allegations of the Complaint, and solely for the purposes of this proceeding and any other proceeding brought by or on behalf of NASD, or to which NASD is a party, to the entry of findings and violations consistent with the allegations of the Complaint, and to the imposition of the sanctions set forth below, and fully understand that this Order will become part of Respondents' permanent disciplinary record and may be considered in any future actions brought by NASD.

#### **BACKGROUND**

Respondent Aura Financial Services, Inc. became an NASD member in 1997. The firm conducts a general securities business and is headquartered in Birmingham, Alabama. Aura has no disciplinary history with NASD or the Securities and Exchange Commission.

Respondent Timothy Gautney became a General Securities Representative in November 1994 and a General Securities Principal in March 1996. Gautney has been registered with Aura since April 1997 and for the relevant period, served as Aura's president. Gautney has no disciplinary history with NASD or the SEC.

Respondent Leonard Farber became a General Securities Representative in December 1993 and a General Securities Principal in September 1997. Since October 2002, Farber has been registered through Aura. Farber has no disciplinary history with NASD or the SEC. In

December 1997, the State of Iowa issued a cease-and-desist order against Farber from acting as an unregistered agent in Iowa.

### **FINDINGS AND CONCLUSIONS**

It has been determined that the Offers be accepted and that findings be made as follows:

Between October 2002 and December 2002, Farber failed to supervise Registered Representative Erik Matz. During that same period, Aura, acting through Gautney, failed to establish, maintain and enforce a system to supervise the activities of Matz and Farber that was reasonably designed to achieve compliance with applicable securities laws and regulations and the Rule of NASD.

Based on the foregoing, Farber violated NASD Conduct Rules 3010 and 2110 and Aura and Gautney violated NASD Conduct Rules 3010(a) and 2110.

Based on these considerations, the sanctions hereby imposed by the acceptance of the Offers are in the public interest, are sufficiently remedial to deter Respondents from any future misconduct, and represent a proper discharge by NASD, of its regulatory responsibility under the Securities Exchange Act of 1934.

### **SANCTIONS**

It is ordered that Respondent Aura Financial Services, Inc. be fined \$15,000, jointly and severally with Respondent Timothy Gautney. In addition, Timothy Gautney shall be suspended, in a principal capacity, for five (5) business days and Aura shall be censured.

It is ordered that Respondent Leonard Farber be fined \$7,500 and suspended, in a principal capacity, for twenty (20) business days.

The sanctions imposed herein shall be effective on a date set by NASD staff.

SO ORDERED.

NASD

By: Vaishali S Shetty  
Vaishali S. Shetty, Regional Counsel,  
on behalf of the Director of ODA, pursuant to  
delegated authority