

STATE OF ALABAMA
ALABAMA SECURITIES COMMISSION

IN THE MATTER OF:)	
)	
AURA FINANCIAL SERVICES)	ADMINISTRATIVE ORDER
TIMOTHY M. GAUTNEY)	NO. OR-2005-0042
LOYD GILFORD KING)	
)	
<u>RESPONDENTS</u>)	

ORDER TO REVOKE

The Alabama Securities Commission ("Commission"), having the authority to administer and provide for the enforcement of all provisions of Title 8, Chapter 6, Code of Alabama 1975, the Alabama Securities Act ("Act"), upon due consideration of the subject matter hereof, has determined as follows.

RESPONDENTS

1. AURA FINANCIAL SERVICES ("AURA") has been registered in the state of Alabama, as a broker/dealer since April 30, 1997 (Central Record Depository ("CRD") # 42822) and an investment adviser since March 4, 2002 with a business address of 181 West Valley Avenue Suite 107, Birmingham, AL 35209. On December 31, 2004, Aura requested to terminate its investment adviser registration with Alabama. On January 29, 2005, Aura was approved by the United States Securities and Exchange Commission as a federally registered investment adviser under the name of Aura Asset Management.

2. TIMOTHY M. GAUTNEY ("GAUTNEY") (CRD # 2552149) is the founder and direct owner (75%+ ownership) of AURA. He has been an Alabama registered agent of AURA since 1997. CRD indicates that GAUTNEY is a RA, GS, GP, FN, OP, ET, and MR with the

following: S4- Options, S7- Rep, S24- GSP, S27- FINOP, S55- Equity trader, S63- Agent, and S65- Investment Adviser. GAUTNEY serves as the onsite General Securities Principal, primary Options Principal, and is the Chief Operation Officer. He is also a registered investment adviser with Aura Asset Management. His business address is 181 West Valley Avenue Suite 107, Birmingham, AL 35209.

3. LOYD GILFORD KING ("KING") (CRD #2892687) is the corporate treasurer and owns less than 5% of AURA. CRD indicates that KING is a FN with the following exams: S27- FINOP and S63- Agent. His business address is 181 West Valley Avenue Suite 107, Birmingham, AL 35209.

STATEMENT OF FACTS

4. On September 8, 2005, the Commission issued a Show Cause Order (SC-2005-0042) against the respondents. After several audits of the firm and attempts to resolve outstanding deficiencies, the Commission issued an Amended Show Cause Order (SC-2005-0042A) on June 11, 2009, against the respondents.

5. On June 11, 2009, the United States Securities Commission (SEC) filed a civil complaint in the United States District Court for the Southern District of Florida (Civil Action No. 09-21592-CIV). The complaint alleges that from approximately October 2005 through April 2009, the defendants, including Aura Financial Services, Inc., used fraudulent sales practices to induce customers to open and fund Aura brokerage accounts and that the defendants rampantly churned the accounts of at least fifteen customers by causing numerous trades to be executed which enriched the defendants through brokerage commissions and, in some cases, mark-ups, while depleting the customers' balances through trading losses and excessive transaction costs. The complaint further alleges that during 2008, the defendants' churning generated total gross commissions of over \$1 million while the accounts of the fifteen customers suffered a combined loss of over \$3.5 million.

6. On October 8, 2009, the SEC entered a final judgment by consent against AURA permanently enjoining it from future violations of Section 17(a) of the Securities Act of 1933, Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, in the civil action entitled Securities and Exchange Commission v. Aura Financial Services, Inc., et al., Civil Action Number 09-21592-CIV, in the United States District Court for the Southern District of Florida.

7. On December 04, 2009, the Financial Industry Regulator Authority ("FINRA") suspended AURA from membership for failure to pay arbitration fees. If the firm fails to request termination of suspension within six months, the firm will be automatically expelled.

8. GAUNTNEY, in his position as the onsite General Securities Principal, primary Options Principal and Chief Operation Officer and KING, in his position as the corporate treasurer, both failed to properly supervise the registered Aura representatives to prevent the fraudulent sales practices used to open and fund AURA brokerage accounts.

9. On November 12, 2009, the Commission received a letter from E. Britton Monroe, attorney representing the Respondents. Monroe stated in his letter that his firm was withdrawing from representing the Respondents in connection with the amended Show Cause Order, SC-2005-0042A, issued by the Commission on June 11, 2009.

10. On November 13, 2009, the Commission sent letters to the Respondents by U. S. certified mail requesting that the Respondents notify the Commission no later than the close of business on November 30, 2009, as to who would be representing the Respondents in the Commission's Show Cause Order, SC-2005-0042A.

11. On November 30, 2009, the Commission received notice from the United States Postal Service that all Respondents refused to accept the Commission letters sent to Respondents on November 13, 2009, by U. S. certified mail.

CONCLUSIONS OF LAW

12. Pursuant to Section 8-6-3(j)(7), Code of Alabama 1975, the Commission may by Order revoke any registration and bar any registrant in this State from employment with a dealer or investment advisor if the Commission finds that the registrant is the subject of an order, adjudication or determination entered within the past 10 years by a securities or commodities agency or a national securities exchange or association registered under the Securities Exchange Act of 1934, or an administrator of another state, or a court of competent jurisdiction that the person has

violated the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Advisors Act of 1940, the Investment Company Act of 1940, the Commodity Exchange Act, or the federal mail and wire fraud statutes, or the securities, investment advisor or commodities law of any other state; but the commission may not enter any order under this subsection on the basis of an order unless that order was based on facts which would currently constitute a ground for an order under this section. AURA was the subject of such an order in the SEC's final judgment by consent on October 8, 2009. The facts in the SEC's final judgment finds that AURA and six of its registered representatives used fraudulent sales practices to open and fund AURA brokerage accounts which would constitute a violation of 8-6-3(j)(7), Code of Alabama 1975, engaging in dishonest or unethical practices in the securities business.

13. Pursuant to Section 8-6-3(j)(10), Code of Alabama 1975, the Commission may by Order revoke any registration and bar any registrant in this State from employment with a dealer or investment advisor if the Commission finds that the registrant has failed reasonably to supervise his agents or employees if he is a dealer, or his investment advisor representatives or employees if he is an investment advisor to assure their compliance with this article. Both GAUTNEY and KING, in their positions with AURA, a registered broker/dealer, failed to reasonably supervise their employees to prevent fraudulent sales practices that their representatives used to open and fund AURA brokerage accounts.

14. Pursuant to Section 8-6-3(j)(2), Code of Alabama 1975, the Commission may by Order revoke any registration and bar any registrant in this State from employment with a dealer or investment advisor if the Commission finds that the registrant has willfully violated or willfully failed to comply with any provisions of this article, or a predecessor act, or any rule or order under this article or a predecessor act. The Respondents have failed to adequately respond to the Commission's order to show cause (as amended) and further affirmatively refused to accept correspondence, sent by U.S. certified mail, from the Commission.

This Order is appropriate in the public interest for the protection of investors and consistent with the purposes of the Act.

This Order does not prevent the Commission from seeking such other civil or criminal remedies that may be available to it under the Act.

ACCORDINGLY, IT IS HEREBY ORDERED that the registration of Respondents
is hereby revoked.

Entered at Montgomery, AL, this 21st day of December, 2009.



ALABAMA SECURITIES COMMISSION
401 Adams Av, Suite 280
Montgomery, AL 36104
(334) 242-2984

BY:

A handwritten signature in black ink, appearing to read "J. P. Borg", is written over a horizontal line. The signature is stylized with loops and a long horizontal stroke extending to the right.

JOSEPH P. BORG
Director