

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 101512 / November 5, 2024

ADMINISTRATIVE PROCEEDING
File No. 3-21295

In the Matter of	:	
	:	ORDER APPOINTING FUND
	:	ADMINISTRATOR, SETTING
Centaurus Financial, Inc., Ricky A.	:	ADMINISTRATOR’S BOND AMOUNT,
Mantei, and Atul Makharia,	:	AND AUTHORIZING THE APPROVAL
	:	AND PAYMENT OF FEES AND EXPENSES
Respondents.	:	OF ADMINISTRATION

On February 6, 2023, the Commission issued an Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933, Sections 15(b) and 21C of the Securities Exchange Act of 1934, and Sections 203(e) and 203(f) of the Investment Advisers Act of 1940, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order (the “Order”)¹ against Centaurus Financial, Inc. (“CFI”), Ricky A. Mantei (“Mantei”), and Atul Makharia (“Makharia”) (collectively, “Respondents”).

In the Order, the Commission found that between June 2016 and July 2019 Makharia and seven other registered representatives from CFI's Lexington, South Carolina branch office (collectively, the “CFI RRs”) recommended the sale of complex variable interest rate structured products (“VRSPs”) to ninety-four retail customers for whom they knew, or reasonably should have known, such investments were unsuitable in light of each of the specific customers’ financial situation and needs. The Commission further found that CFI and Mantei, the branch

¹ Securities Act Rel. No. 11153 (Feb. 6, 2023).

manager and owner of CFI's Lexington, South Carolina branch office, also failed reasonably to supervise the CFI RRs, and CFI failed to make and keep certain required records relating to certain customer accounts. The Commission ordered CFI to pay disgorgement of \$4,876.00, prejudgment interest of \$623.00, and a civil money penalty of \$750,000.00; Mantei to pay disgorgement of \$92,650.00, prejudgment interest of \$11,842, and a civil money penalty of \$206,000.00; and Makharia to pay a civil money penalty in the amount of \$35,000.00, for a collective total of \$1,100,991.00 to the Commission. The Commission also created a Fair Fund, pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, so the penalties collected, along with the disgorgement and interest collected, can be distributed to harmed investors. The Fair Fund consists of the \$1,100,991.00 collected from the Respondents. The Fair Fund has been deposited in a Commission-designated account at the U.S. Department of the Treasury, and any accrued interest will be added to the Fair Fund.

The Division of Enforcement (the "Division") now seeks the appointment of Simpluris Inc. ("Simpluris") as the fund administrator and requests that the administrator's bond be set at \$1,100,991.00. Simpluris is included in the Commission's approved pool of administrators.

The Division further requests that the Commission authorize the Office of Financial Management ("OFM"), at the direction of an Assistant Director of the Office of Distributions, to pay the Fund Administrator's fees and expenses from the Fair Fund, so long as the total amount paid to the Fund Administrator, including the invoice to be paid, does not exceed the total amount of the approved cost proposal submitted by the Fund Administrator.

Accordingly, IT IS HEREBY ORDERED that:

- A. Simpluris is appointed as the Fund Administrator, pursuant to Rule 1105(a) of the Commission's Rules on Fair Fund and Disgorgement Plans ("Commission's Rules");²
- B. Simpluris shall obtain a bond in accordance with Rule 1105(c) of the Commission's Rules,³ in the amount of \$1,100,991.00;
- C. the Fund Administrator will submit invoices to the Commission staff for services rendered, in accordance with Rule 1105(d) of the Commission's Rules;⁴ and
- D. at the direction of an Assistant Director of the Office of Distributions, OFM is authorized to pay the Fund Administrator's fees and expenses from the Fair Fund, in accordance with Rule 1105(e) of the Commission's Rules,⁵ so long as the total amount paid to the Fund Administrator, including the invoice to be paid, does not exceed the total amount of the approved cost proposal submitted by the Fund Administrator.

For the Commission, by the Division of Enforcement, pursuant to delegated authority.⁶

Vanessa A. Countryman
Secretary

² 17 C.F.R. § 201.1105(a).

³ 17 C.F.R. § 201.1105(c).

⁴ 17 C.F.R. § 201.1105(d).

⁵ 17 C.F.R. § 201.1105(e).

⁶ 17 C.F.R. § 200.30-4(a)(17) and 17 C.F.R. § 200.30-4(a)(21)(vi).