

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 99966 / April 16, 2024**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-21295**

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<b>In the Matter of</b>	:	
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<b>Centaurus Financial, Inc., Ricky A. Mantei, and Atul Makharia,</b>	:	<b>NOTICE OF PROPOSED PLAN OF DISTRIBUTION AND OPPORTUNITY FOR COMMENT</b>
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<b>Respondents.</b>	:	

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Notice is hereby given, pursuant to Rule 1103 of the United States Securities and Exchange Commission’s (the “Commission”) Rules on Fair Fund and Disgorgement Plans (the “Commission’s Rules”), 17 C.F.R. § 201.1103, that the Division of Enforcement has submitted to the Commission a proposed plan of distribution (the “Proposed Plan”) for the distribution of monies paid in the above-captioned matter.

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”)<sup>1</sup> against Centaurus Financial, Inc., Ricky A. Mantei, and Atul Makharia (collectively, the “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 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

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<sup>1</sup> Securities Act Rel. No. 11153 (Feb. 6, 2023).

Commission. The Commission also created the 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 includes the \$1,100,991.00 collected from the Respondents. The assets of the Fair Fund are subject to the continuing jurisdiction and control of the Commission. The Fair Fund and has been deposited in a Commission-designated account at the U.S. Department of the Treasury, and any interest accrued will be added to the Fair Fund.

## **OPPORTUNITY FOR COMMENT**

Pursuant to this Notice, all interested persons are advised that they may obtain a copy of the Plan from the Commission's public website at <http://www.sec.gov/litigation/fairfundlist.htm>. Interested persons may also obtain a written copy of the Proposed Plan by submitting a written request to Devon Brown, United States Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549. All persons who desire to comment on the Proposed Plan may submit their comments, in writing, no later than 30 days from the date of this Notice:

1. to the Office of the Secretary, United States Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090;
2. by using the Commission's Internet comment form (<http://www.sec.gov/litigation/admin.shtml>); or
3. by sending an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov).

Comments submitted by email or via the Commission's website should include "Administrative Proceeding File No. 3-21295" in the subject line. Comments received will be publicly available. Persons should submit only information they wish to make publicly available.

## **THE PROPOSED PLAN**

The Net Available Fair Fund<sup>2</sup> is comprised of the \$1,100,991.00 in disgorgement, prejudgment interest, and civil money penalties collected from the Respondents, plus any interest and income earned thereon, less taxes, fees, and expenses. The Proposed Plan provides for the distribution of the Net Available Fair Fund to those certain investors who suffered losses based

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<sup>2</sup> All capitalized terms used herein but not defined shall have the same meanings ascribed to them in the Proposed Plan.

on the sales commissions and sales credits they paid in connection with purchasing Variable Interest Rate Structured Products from the Respondents between June 1, 2016 and July 31, 2019, inclusive.

For the Commission, by the Division of Enforcement, pursuant to delegated authority.<sup>3</sup>

Vanessa A. Countryman  
Secretary

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<sup>3</sup> 17 C.F.R. § 200.30-4(a)(21)(iii).