

**ADMINISTRATIVE PROCEEDING  
BEFORE THE  
SECURITIES COMMISSIONER OF SOUTH CAROLINA**

<b>IN THE MATTER OF:</b>	)	
	)	
<b>Centaurus Financial, Inc. (CRD No. 30833);</b>	)	
<b>Ricky Alan Mantei (CRD No. 1098981); and</b>	)	
<b>Mantei &amp; Associates, LLC,</b>	)	<b>CONSENT ORDER</b>
	)	
	)	<b>Matter No. 20191562</b>
<b>Respondents.</b>	)	
_____	)	

**I. PRELIMINARY STATEMENT**

Pursuant to the authority granted to the Securities Commissioner of South Carolina (the “Securities Commissioner”) under the South Carolina Uniform Securities Act of 2005, S.C. Code Ann. § 35-1-101, *et seq.*, and the regulations and rules promulgated thereunder (the “Act”), and delegated to the Securities Division of the Office of the Attorney General of the State of South Carolina (the “Division”) by the Securities Commissioner, this Consent Order is entered into between the Division and Centaurus Financial, Inc. (CRD No. 30833) (“CFI”), Ricky Alan Mantei (CRD No. 1098981) (“Mantei”), and Mantei & Associates, LLC (“M&A”), which has also been known as Cola Wealth Advisors (“CWA”) (collectively, the “Respondents”), in order to resolve the Division’s investigation under Matter No. 20191562 into whether certain conduct violated provisions of the Act.

Solely for the purpose of this proceeding and any other proceeding brought by or on behalf of the Securities Commissioner, or to which the Securities Commissioner is a party, and without admitting or denying the Findings of Fact and Conclusions of Law set forth below, except as to the jurisdiction of the Securities Commissioner over the Respondents and the subject matter of this proceeding, which are admitted, the Respondents, having been advised of their right to counsel,

expressly consent to the entry of this Consent Order, which resolves the allegations and claims against them set forth herein. The Findings of Fact and Conclusions of Law were not adjudicated by a trier of fact; are not admissions of any wrongdoing, rule violation, or liability; and are not binding on the Respondents or any other person or entity in this or any other proceeding. The Respondents enter into this Consent Order on the condition that, if accepted, the Securities Commissioner will not bring any future actions or proceedings against the Respondents alleging violations based on the same factual findings alleged herein. The Respondents elect to waive permanently any right to a hearing and appeal under S.C. Code Ann. § 35-1-609, with respect to this Consent Order.

## **II. JURISDICTION**

1. The Securities Commissioner has jurisdiction over this matter pursuant to S.C. Code Ann. § 35-1-601(a).

## **III. RELEVANT PERIOD**

2. Except as otherwise expressly stated, the conduct described herein occurred during the period of May 1, 2015, to December 31, 2021 (the “Relevant Period”).

## **IV. RESPONDENTS**

3. CFI is registered with the Division as a broker-dealer with a corporate home office address of 2300 E. Katella Avenue, Suite #200, Anaheim, California 29806 (the “CFI Home Office”).

4. Mantei is a South Carolina resident with a principal place of business in Lexington, South Carolina. Mantei is registered with the Division as a broker-dealer agent and investment adviser representative. Mantei has been registered as a broker-dealer agent since 1983, and as an investment adviser representative since 2008. Since joining CFI in May 2015, Mantei has served

as a supervisory principal of CFI's Office of Supervisory Jurisdiction in Lexington, South Carolina (the "Lexington Branch"), and as the branch manager of the Lexington Branch (the "Branch Manager"). Two other registered broker-dealer agents also served as on-site supervisory principals of the Lexington Branch during the Relevant Period.

5. M&A (formerly known as Mantei & Associates, Limited, and as Rick Mantei & Associates, Limited) is a limited liability company with its principal place of business located at 4580 Sunset Boulevard, Lexington, South Carolina 29072. M&A also operates from offices in Aiken, South Carolina; Greenwood, South Carolina; and Johnson City, Tennessee. Mantei is the founder, owner, and registered agent of M&A.

## **V. FINDINGS OF FACT**

### **A. THE STEEPENER STRUCTURED PRODUCTS**

6. Structured products are securities typically derived from or based on a single security, a basket of securities, an index, a commodity, a debt issuance, interest rates, and/or a foreign currency. There are myriad types of structured products. Some structured products offer full protection of the principal invested, whereas others offer limited or no protection of principal. Most structured products pay an interest or coupon rate based on a formula that may provide payments substantially above the prevailing market rate. Structured products usually have a fixed maturity date. Structured products also frequently cap or limit the upside participation in the reference asset, particularly if some principal protection is offered or if the security pays an above-market rate of interest. Structured products may be issued by investment grade issuers and may be listed on a national exchange.

7. One specific type of structured product tied to the yield curve is commonly referred to as a "steepener." Steepeners are structured products that usually have maturities between 10

and 30 years when originally issued. Steepeners typically pay an initial fixed interest rate that is generally above the prevailing market rate (the “Initial Rate”). The Initial Rate is generally fixed upon issuance for between one (1) to three (3) years. Once the Initial Rate is paid on the invested principal for the stated period, the steepeners will pay interest based on a formula that results in a variable interest rate dependent upon the particular security’s underlying formula. For steepeners, the formula is generally based on the spread between longer-term and shorter-term interest rates (*i.e.*, the steepness of the yield curve), such as the spread between the 30-Year Constant Maturity Swap (the “CMS”) rate and the 2-Year CMS rate. Historically, longer term rates (30-year and 10-year CMS) are higher than short term rates (2-year CMS), providing a positive “spread” in the yield curve between long and short-term rates. However, because the spread between longer-term and shorter-term interest rates can both expand and compress—meaning that the yield curve can steepen or flatten—pursuant to the specific product’s formula, the interest rate paid can fall to zero or pay a low interest rate after the term of the Initial Rate, depending upon market conditions. During periods when the yield curve flattens, steepener secondary sale prices may also decline, meaning investors seeking to sell the products before maturity in the secondary market may incur losses of principal. Investors receive a payment of the face value of the steepener if they hold the steepener to maturity, or if it is called by the issuer prior to maturity.

8. CFI and the registered broker-dealer agents of the Lexington Branch (collectively, “Lexington Branch Agents”) recommended and sold various types of structured products, including steepeners. Although the steepeners could be distinguished based on many factors, including the issuer, maturity date, coupon formula, and other features, the majority of the steepeners purchased by customers during the Relevant Period were steepeners with coupon

payments based on three (3) different CMS spreads: CMS 30 (minus) CMS2; CMS30 (minus) CMS5; and CMS10 (minus) CMS2 (the “CMS Spreads”).

9. During the Relevant Period, these steepeners could, and did, experience periods where they paid little or no interest after payment of interest pursuant to the Initial Rate. Some of the steepeners sold by CFI conditioned return of principal on the performance of certain equity indexes (the “Market Linked Instruments”). With the Market Linked Instruments, if an equity index fell below a predetermined level as outlined in the prospectus for the security, then the Market Linked Instruments would not pay a coupon that period, regardless of the amount produced by the coupon payment formula.

10. The suitability of these various forms of steepeners is both customer-specific and product-specific, and depends on many factors relative to each specific customer including, but not limited to, the investment objectives and risk tolerance of the specific customer; the customer’s time horizon, age, overall net worth, average annual income, and tax considerations; and the concentration of the security type relative to the specific customer’s net worth.

## **B. STEEPENER SALES**

11. The Division finds that during the Relevant Period, CFI and some of the Lexington Branch Agents sold steepeners to certain customers without appropriately evaluating the overall financial profile of the specific client, including, but not limited to, factors such as the client’s age, investment goals, liquidity needs, time horizon, and/or risk tolerance.

### **1. Sales and Purchases of Steepeners in the Accounts**

12. Some steepener products recommended by certain Lexington Branch Agents were designed in a way that only guaranteed principal repayment if the security was held to maturity.

Notwithstanding, in some circumstances, some Lexington Branch Agents recommended that certain customers sell their steepeners prior to maturity.

13. The Lexington Branch Agents recommended to some of their customers that they sell their steepeners before maturity to fund the purchase of different steepeners that, in some cases, had similar features or formulas to the steepener that was sold. The Division finds, in some circumstances, that CFI could not exercise meaningful supervision or oversight of the sale and purchase transactions, including ensuring completion of the forms used to initiate and complete these transactions (the “Order Forms”),<sup>1</sup> as required by the Written Supervisory Procedures (“WSPs”) which were exclusive to the Lexington Branch (the “Lexington Branch WSPs”).

## **2. Custom Income Statements**

14. In June 2016, the Lexington Branch Agents developed a document titled the “Custom Income Statement.” The Custom Income Statement was an estimate that contained a twelve-month projection of monthly income for securities in the customers’ accounts.

15. The Lexington Branch Agents sent the Custom Income Statements to certain customers in 2016, 2017, and 2018, in response to customer inquiries regarding potential future income.

16. The Custom Income Statements included income projections for the steepeners in customers’ accounts.

17. The Lexington Branch Agents developed the procedures for calculating those projections and formatting the Custom Income Statements.

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<sup>1</sup> Whenever a steepener trade was requested, a specific form was used to indicate the request and the authority for the trade. The form itself was given different names, including an “order form” or “trade ticket.” Regardless of the name given to the applicable document, it functioned to initiate customer transactions.

18. The Custom Income Statements showed projected income from the steepeners calculated as a fixed percentage of the applicable Initial Rate. However, the Initial Rate bears no actual relationship to the interest payments a customer would receive after the Initial Rate period.

19. The Lexington Branch Agents knew or should have known that the interest payments of the steepeners were unpredictable, and the projections could not be made with certainty.

### **3. Projected Returns**

20. The Lexington Branch Agents recommended certain steepener transactions on the basis that these transactions were intended to increase “cash flow” to the customer; however, it was impossible to predict future coupon payments with certainty after the end of the Initial Rate period.

21. Despite the inability to predict future returns with certainty, some of the Lexington Branch Agents recommended to various clients that they sell one steepener and purchase one or more other steepeners because the sale and new purchase would increase cash flow or the percentage of a return. However, some of the transactions did not increase cash flow or the percentage of a return as the Lexington Branch Agents predicted.

## **C. CFI POLICIES AND PROCEDURES**

### **1. Written Supervisory Procedures**

22. Mantei and certain of the Lexington Branch Agents joined CFI in May 2015.

23. When CFI onboarded Mantei and the Lexington Branch Agents, it created the Lexington Branch WSPs, which were specifically designed for the Lexington Branch and differed from CFI’s firm-wide written supervisory procedures (the “Firm-Wide WSPs”) regarding the sale and supervision of structured products, including steepener products.

24. The Lexington Branch WSPs had different requirements than did the Firm Wide WSPs.

25. The Lexington WSPs required product-specific training. As a registered principal and branch manager, Mantei generally led the training of Lexington Branch Agents related to structured products, including steepeners.

26. No representatives from the CFI Home Office audited Mantei's branch-level training relating specifically to steepeners to ensure compliance with the Lexington WSPs.

## **2. Procedures Regarding Review and Oversight of Steepener Trades**

27. The Lexington Branch WSPs required the Branch Manager or his designee to review each trade prior to execution and required a staff member of CFI's Trading Department to sample orders for review after execution.

28. The Branch Manager or his designee was to sign each Order Form to confirm that he had completed his review of the transaction and determined that it was suitable and compliant with all relevant CFI policies and procedures.

29. During the Relevant Period it was sometimes impracticable for the Branch Manager to give each steepener trade a thorough review.

## **3. Procedures Regarding Suitability Analysis in Trade Order Forms and Customer Management System**

30. As part of his obligation to perform a customer-specific suitability review, the Branch Manager or his designee was required to review each Order Form. The Order Forms for steepeners contained fields that the responsible Lexington Branch Agents were required to complete.

31. In addition to the information on the Order Form, among other things, Mantei reviewed available information concerning the client, including using data in the M&A proprietary



Customer Management System (the “M&A CMS”). The M&A CMS was maintained in addition to other records that M&A and Centaurus were required to keep.

32. The M&A CMS maintained client financial information, including at least two (2) items for each customer: (i) a log of interactions with the customer, including notes and (ii) a detailed financial profile that could be referenced by Lexington Branch Agents and staff members (the “M&A CMS Notes”).

33. It was the practice of the Lexington Branch to have a staff member contact Lexington Branch customers on a regular basis regarding their accounts. The staff were instructed to update the M&A CMS with any information provided by the customers. If a customer’s financial information changed, the staff member was trained to update the relevant field in the customer’s M&A CMS financial profile.

34. Every time a field in the M&A CMS was updated, the historic M&A CMS data was overwritten and was no longer retrievable.

35. The M&A CMS financial profile was designed to include information such as a customer’s total net worth, liquid net worth, income, expenses, and net monthly cash flow.

36. Mantei and the Lexington Branch Agents utilized a Client Agreement/New Account Form as well as the M&A CMS for purposes of documenting their customers’ financial profile information and investment objectives, amongst other information. The Client Agreement/New Account Form and the M&A CMS were used for servicing client accounts, including making recommendations or reviewing Order Forms.

37. Because the M&A CMS system was not programmed to keep a log of when a particular field was updated, certain historical information utilized by the Lexington Branch to

conduct customer-specific suitability reviews and recommendations was no longer available to the Division for this investigation.

38. Despite the requirements in the Lexington Branch WSPs that the Branch Manager or his designee perform a suitability review, in some cases, the Order Forms were reviewed only to see if there were any errors or mistakes.

39. In some cases, Mantei approved Order Forms that were missing some or all required customer suitability information.

40. In some cases, Mantei approved Order Forms that contained inaccurate information.

#### **4. Procedures Regarding CFI Home Office Trade Review**

41. CFI executed some trades for which a Lexington Branch manager did not sign Order Forms.

42. The Lexington Branch WSPs required the Lexington Branch to provide every Order Form to the CFI Home Office for CFI's own review and retention after an order was executed. The Lexington Branch did not begin emailing the Order Forms for these transactions to the CFI Home Office until February 2018.

43. Every day, staff in the CFI Home Office Trading Department selected a sample of the previous day's trades to review; however, some steepener trades fell below the size threshold for the CFI Home Office post trade review.

44. The CFI Home Office Trading Department had access to the Client Agreement/New Account Form, but did not have access to the M&A CMS information at the Lexington Branch. As a result, in some cases, the CFI Home Office Trading Department

conducted post-trade suitability reviews of the steepener transactions without certain information collected by the branch that could have been relevant to the post-trade review.

45. Some of the staff at the CFI Home Office Trading Department did not receive product specific training, did not have access to the information contained in the M&A CMS, and, in some cases, did not have completed Order Forms; therefore, for certain steepener transactions, they were unable to perform an adequate post-trade suitability review.

46. The Firm-Wide WSPs limited the total concentration limits and single-structured product concentration to ten percent (10%) of a customer's net worth. Concurrently, the Lexington Branch WSPs limited customers at the Lexington Branch to investing (10%) of their total net worth in a single structured product, with exceptions granted on a case-by-case basis. Thus, both CFI and the Lexington Branch limited the concentration of a single structured product to ten percent (10%) of a particular customer's total net worth under normal circumstances.

47. In the Lexington Branch WSPs, the total concentration limit for a customer who held multiple steepeners was fifty percent (50%) of a customer's net worth. Thus, customers of the Lexington Branch Agents were allowed to purchase multiple steepeners up to a fifty percent (50%) total concentration limit, as long as no individual steepener product was valued at more than ten percent (10%) of the client's net worth.

48. The Division finds that the CFI trading blotter shows that there were steepener transactions during the Relevant Period that when compared to the customer's total net worth exceeded the ten percent (10%) single issue concentration limit of the respective client's net worth as well as accounts that held multiple steepeners that, when combined, exceeded fifty percent (50%) of a customer's net worth.

49. The Lexington Branch WSPs required the Lexington Branch Agents to take additional considerations into account for steepeners purchased in four categories of accounts: (i) trust accounts; (ii) retirement accounts for investors aged 59.5 years and older; (iii) ERISA accounts; and (iv) accounts for investors aged 70.5 years and older. The Lexington Branch WSPs did not define these additional considerations. CFI did not define the additional considerations in its policies and procedures until 2018.

#### **D. BOND TRANSACTIONS**

50. In or around September 2018, CFI approved the offering and sale of certain non-listed bonds (hereinafter referred to as the “Bonds”).

51. The Bonds were unrated corporate bonds issued by a publicly-traded entity. “Unrated” means that no major credit rating agency has analyzed the Bonds.

52. CFI’s internal guidelines limited the concentration of investments in the Bonds to the lesser of ten percent (10%) of a customer’s net worth or \$100,000 (later increased to \$150,000 with the 10% cap still in place).

53. During the Relevant Period, the Division finds that certain of the Lexington Branch Agents recommended and effected transactions that violated CFI’s internal concentration limits for the Bonds.

54. The Division finds that certain Lexington Branch Agents recommended the Bonds to certain customers for whom the Bonds were unsuitable due to the customer’s age, net worth, or risk profile.

55. Pursuant to required product-specific trainings, the Bonds sold to customers who did not have substantial financial resources were unsuitable.

## **VI. UNDERTAKINGS**

56. CFI undertakes and agrees to withdraw the Lexington Branch WSPs. CFI further undertakes and agrees not to grant henceforth any agent or branch office registered with the Division any exception from any rules, policies, or procedures that any of CFI's other branch offices are required to follow.

57. CFI undertakes and agrees to maintain a dedicated regional compliance supervisor whose duty, along with a Lexington Branch registered principal, is to supervise all securities-related activity of the Lexington Branch.

58. CFI and Mantei undertake and agree that Mantei will no longer function as a supervisor or compliance officer at CFI.

59. CFI undertakes and agrees to design and implement policies and procedures to require additional review of transactions in certain customers' accounts, including accounts of investors over the age of 70.5, to ensure compliance with securities laws.

60. CFI undertakes and agrees to design and implement policies and procedures to require CFI's agents, employees, and independent contractors who sell structured products, to undergo additional training with respect to structured products.

61. CFI undertakes and agrees to establish new disclosure forms for structured product transactions.

62. CFI undertakes and agrees that within 30 days of the date this Consent Order becomes final, CFI will secure the services of an unaffiliated third-party compliance consultant (the "Consultant") not unacceptable to the Division, to review: (i) CFI's policies and procedures designed to prevent and detect unsuitable recommendations of steeper securities; (ii) CFI's systems of internal controls to implement these policies and procedures designed to prevent and

detect unsuitable recommendations of steeper securities; and (iii) CFI's Lexington, South Carolina Office of Supervisory Jurisdiction branch office's maintenance and preservation of records. CFI shall:

a. provide to the Division, within thirty (30) days of retaining the Consultant, a copy of an engagement letter detailing the Consultant's responsibilities, which shall include the review described above;

b. require the Consultant, at the conclusion of the review, which in no event shall be more than one hundred eighty (180) days after the date of entry of this Consent Order, to submit to CFI and the Division a report of the Consultant. The report shall address the supervisory issues described above and shall include (i) a description of the review performed, (ii) the conclusions reached, (iii) the Consultant's recommendations for any changes or improvements to the policies, procedures, and practices of CFI, and (iv) a procedure for implementing the recommended changes or improvements to such policies, procedures, and practices.

c. adopt, implement, and maintain all policies, procedures, and practices recommended in the report of the Consultant. As to any of the Consultant's recommendations about which CFI and the Consultant do not agree, such parties shall attempt in good faith to reach agreement within two hundred ten (210) days of the date of the entry of this Consent Order. In the event that CFI and the Consultant are unable to agree on an alternative proposal, CFI and the Consultant shall jointly confer with the Division to resolve the matter. In the event that, after conferring with the Division, CFI and the Consultant are still unable to agree on an alternative proposal, CFI will abide by the recommendations of the Consultant.

d. cooperate fully with the Consultant in its review, including making such information and documents available as the Consultant may reasonably request, and permit and require CFI's employees and agents to supply such information and documents as the Consultant may reasonably request.

e. compensate the Consultant, and persons engaged to assist the Consultant, for services rendered pursuant to this Consent Order at their reasonable and customary rates, and shall not terminate the Consultant without prior written approval of the Division.

f. direct the Consultant (i) within twelve (12) months after the date of entry of this Consent Order to conduct a review of CFI's efforts to implement each of the recommendations made by the Consultant and (ii) upon the completion of the Consultant's follow-up review, to submit a report to the Division within fifteen (15) months from the date of the entry of this Consent Order. CFI shall direct the Consultant to describe in the follow-up report the details of CFI's efforts to implement each of the Consultant's recommendations and state whether CFI has fully complied with each of the Consultant's recommendations.

g. require the Consultant to enter into an agreement that provides that for the period of engagement and for a period of two (2) years from completion of the engagement, the Consultant shall not enter into any employment, consultant, attorney-client, auditing or other professional relationship with CFI, or any of its present or former affiliates, directors, officers, employees, or agents. The agreement will also provide that the Consultant will require that any firm with which it is affiliated or of which it is a member, and any employee or person engaged to assist the Consultant in performance of its duties under this Consent Order shall not, without prior written consent of the Division enter into any employment, consultant, attorney-client, auditing or other professional relationship with CFI, or any of its present or former affiliates, directors, officers, employees, or agents acting in their capacity as such for the period of the engagement and for a period of two (2) years after the engagement.

h. certify, in writing, compliance with the undertakings set forth above. The certification shall identify the undertaking(s), provide written evidence of compliance in the form of a narrative, and be supported by exhibits sufficient to demonstrate compliance. The Division staff may make reasonable requests for further evidence of compliance, and CFI agrees to provide such evidence. The certification and report material shall be submitted to Jonathan B. Williams, Assistant Deputy Attorney General, in the South Carolina Office of the Attorney General, no later than sixty (60) days from the date of the completion of the undertakings.

The reports by the Consultant will likely include confidential financial, proprietary, competitive business, and/or commercial information. Public disclosure of the reports could discourage cooperation; impede pending or potential government investigations; and/or undermine the objectives of the reporting requirement. For these reasons, among others, the reports and the contents thereof are intended to remain and shall remain non-public, except (1) pursuant to court order, (2) as agreed to by the parties in writing, (3) to the extent that the Securities Commissioner determines in its sole discretion that disclosure would be in furtherance of the Division's discharge of its duties and responsibilities, or (4) as otherwise required by law. However, this subparagraph is not intended to waive or require the production of information in any arbitrations, mediations, or litigation separate from the subject of this Consent Order. For good cause shown and upon

timely application by the Consultant or CFI, the Division may extend any of the deadlines set forth above.

## **VII. CONCLUSIONS OF LAW**

63. Paragraphs 1 through 62 are incorporated by reference as though fully set forth herein.

64. During the Relevant Period, CFI and certain Lexington Branch Agents recommended steepeners to certain customers without what the Division concludes were reasonable grounds to believe that such investments, in the amounts purchased, would be suitable for those customers, in violation of S.C. Code of Regulations § 13-501(A)(3). The Respondents neither admit nor deny the Division's findings relating to S.C. Code of Regulations § 13-501(A)(3).

65. During the Relevant Period, the Division concludes that CFI and Mantei failed to reasonably supervise certain Lexington Branch Agents in connection with certain steepener transactions, in violation of S.C. Code Ann. § 35-1-412(d)(9).

66. During the Relevant Period, CFI and certain Lexington Branch Agents made unsuitable recommendations to customers by recommending steepener trades in certain customers' accounts that exceeded the concentration limits of the Lexington Branch WSPs in violation of S.C. Code of Regulations § 13-501(A)(3).

67. During the Relevant Period, CFI failed to reasonably supervise the Lexington Branch Agents who recommended the steepener purchases that exceeded concentration limits of the Lexington Branch WSPs in violation of S.C. Code § 35-1-412(d)(9).



68. During the Relevant Period, CFI failed to enforce the Lexington Branch WSPs and Firm Wide WSPs, in relation to steepener concentration limits, in violation of S.C. Code of Regulations § 13-501(A)(21).

69. During the Relevant Period, certain Lexington Branch Agents created and distributed the Custom Income Statements to certain customers, in violation of S.C. Code of Regulations § 13-501(C).

70. During the Relevant Period, certain Lexington Branch Agents made certain projections regarding the steepeners, in violation of S.C. Code of Regulations § 13-501(A)(14).

71. During the Relevant Period, CFI and Mantei failed to reasonably supervise certain Lexington Branch Agents who made projections of steepener investment cash flows, in violation of S.C. Code Ann. § 412(d)(9).

72. During the Relevant Period, CFI was required to keep certain books and records, which were overwritten in violation of S.C. Code of Regulations § 13-405(A)(1). The M&A CMS notes were kept in addition to other required records, and every record created should have been maintained unaltered for the appropriate period of time.

73. During the Relevant Period, with respect to certain steepener transactions, CFI failed to reasonably supervise certain of its agents to ensure that all agents were complying with the Lexington Branch WSPs' requirements that they complete Order Forms, in violation of S.C. Code of Regulations § 13-501(A)(21).

74. During the Relevant Period, with respect to certain steepener transactions, CFI failed to reasonably supervise certain of its agents to ensure that all agents were complying with the procedures set forth in the Lexington Branch WSPs, including the requirement that all Order

Forms be emailed to the CFI Home Office, in violation of S.C. Code of Regulations § 13-501(A)(21).

75. During the Relevant Period, with regard to the steepener transactions, CFI did not have policies and procedures reasonably designed to ensure compliance with the Lexington Branch WSPs, in violation of S.C. Code of Regulations § 13-501(A)(21).

76. During the Relevant Period, CFI and Lexington Branch Agents effected certain transactions in the Bonds that exceeded the Firm's prescribed concentration limits, in violation of S.C. Code of Regulations § 13-501(A)(3).

77. During the Relevant Period, certain Lexington Branch Agents made unsuitable recommendations to certain customers by recommending to those customers that they purchase the Bonds, in violation of S.C. Code of Regulations § 13-501(A)(3).

78. During the Relevant Period, CFI failed to reasonably supervise certain agents who recommended the Bonds, in violation of S.C. Code Ann. § 35-1-412(d)(9).

79. During the Relevant Period, CFI failed to enforce its prescribed concentration limits for the Bonds, in violation of S.C. Code of Regulations § 13-501(A)(21).

80. The Respondents' conduct set forth above provides the basis for this Consent Order, pursuant to S.C. Code Ann. §§ 35-1-604(a)(1) and 35-1-412.

81. This Consent Order is appropriate and in the public interest, pursuant to the Act.

#### **VIII. ORDER**

**NOW THEREFORE**, pursuant to S.C. Code Ann. §§ 35-1-412(b) and 35-1-412(c), it is hereby **ORDERED** that:

- a. Each Respondent and every successor, affiliate, control person, agent, servant, and employee of each of the Respondents, and every entity owned, operated, or directly or

indirectly controlled by or on behalf of each of the Respondents shall **CEASE AND DESIST** from transacting business in this State in violation of the Act;

- b. Each Respondent is **CENSURED**;
- c. CFI will, contemporaneously with the execution of this Consent Order, pay a total of \$650,000 to the Division, of which \$425,000 is designated as a civil penalty and \$225,000 is designated as the reimbursement of costs incurred by the Division in its investigation of the matters detailed above.
- d. The Respondents agree to the undertakings detailed in section VI, *supra*.


Upon execution by the Securities Commissioner, this Consent Order resolves Matter Number 20191562 as to the Respondents.

As part of this Consent Order, the Respondents agree that they: (i) will not take any action or make or permit to be made any public statement denying, directly or indirectly, any allegation in this Consent Order; or creating the impression that this Consent Order is without factual basis; and (ii) will not make or permit to be made any public statement to the effect that the Respondents do not admit the allegations of this Consent Order, or that this Consent Order contains no admission of the allegations, without also stating that the Respondents do not deny the allegations. If the Respondents breach the agreement set forth in this paragraph, the Securities Commissioner may vacate this Consent Order. Nothing in this paragraph affects the Respondents': (i) testimonial obligations or (ii) right to take differing legal or factual positions in litigation or other legal proceedings.

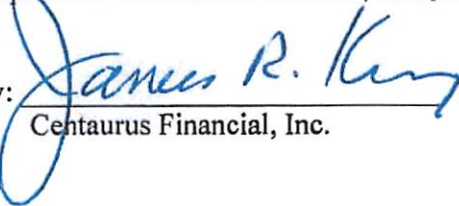
This Consent Order should not be interpreted to waive any (i) criminal cause of action, (ii) private cause of action that may have accrued to investors as a result of the activities detailed

herein, or (iii) other causes of action that may result from activities of a Respondent not detailed in this Consent Order.

ENTERED, this the 6 day of February 2023.

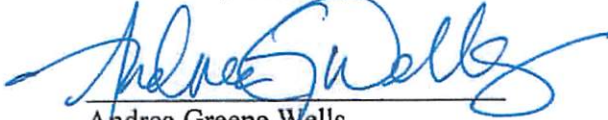
  
ALAN WILSON  
Securities Commissioner  
State of South Carolina

*Respondent Centaurus Financial, Inc. consents to the terms of the above Consent Order:*

By:   
Centaurus Financial, Inc.

Date: 2/1/2023

*Reviewed by Counsel for CFI:*

  
Andra Greene Wells  
Bressler, Amery & Ross, P.C.  
2001 Park Place North, Suite 1500  
Birmingham, AL 35203

Date: 2/1/2023

*Respondent Ricky Alan Mantei consents to the terms of the above Consent Order:*

\_\_\_\_\_  
Ricky Alan Mantei

Date: \_\_\_\_\_

*Respondent Mantei & Associates, LLC*

By: \_\_\_\_\_  
Ricky Alan Mantei

Date: \_\_\_\_\_



herein, or (iii) other causes of action that may result from activities of a Respondent not detailed in this Consent Order.

ENTERED, this the \_\_\_\_ day of \_\_\_\_\_, 2023.

\_\_\_\_\_  
ALAN WILSON  
Securities Commissioner  
State of South Carolina

*Respondent Centaurus Financial, Inc. consents to the terms of the above Consent Order:*

By: \_\_\_\_\_  
Centaurus Financial, Inc.

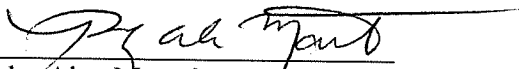
Date: \_\_\_\_\_

*Reviewed by Counsel for CFI:*

\_\_\_\_\_  
Andrea Greene Wells  
Bressler, Amery & Ross, P.C.  
2001 Park Place North, Suite 1500  
Birmingham, AL 35203

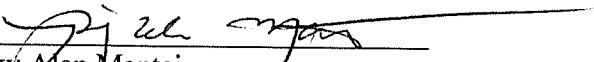
Date: \_\_\_\_\_

*Respondent Ricky Alan Mantei consents to the terms of the above Consent Order:*

  
\_\_\_\_\_  
Ricky Alan Mantei

Date: 27th 2023

*Respondent Mantei & Associates, LLC*


By:   
\_\_\_\_\_  
Ricky Alan Mantei

Date: 27th 2023

*Reviewed by Counsel for Ricky Alan Mantei, Individually, and on behalf of Mantei & Associates, LLC consents to the terms of the above Consent Order:*


\_\_\_\_\_  
Anthony Paduano  
Paduano & Weintraub, LLP  
1251 Avenue of the Americas, Ninth Floor  
New York, New York 10020

Date: \_\_\_\_\_

  
\_\_\_\_\_  
Michael H. Montgomery  
Montgomery Willard, LLC  
1002 Calhoun Street  
Columbia, SC 29201


Date: 2/21/2023

*The Securities Division of the Office of the South Carolina Attorney General consents to the above Consent Order:*

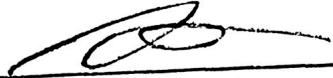
By:   
\_\_\_\_\_  
Jonathan B. Williams  
Assistant Deputy Attorney General

Date: 2/6/23

*Reviewed by Counsel for Ricky Alan Mantei, Individually, and on behalf of Mantei & Associates, LLC consents to the terms of the above Consent Order:*

  
\_\_\_\_\_  
Anthony Paduano  
Paduano & Weintraub, LLP  
1251 Avenue of the Americas, Ninth Floor  
New York, New York 10020

Date: 2/2/2023

  
\_\_\_\_\_  
Michael H. Montgomery  
Montgomery Willard, LLC  
1002 Calhoun Street  
Columbia, SC 29201

Date: 2/2/2023

*The Securities Division of the Office of the South Carolina Attorney General consents to the above Consent Order:*

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Jonathan B. Williams  
Assistant Deputy Attorney General