

BrokerCheck Report

CENTAURUS FINANCIAL, INC.

CRD# 30833

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Please be aware that fraudsters may link to BrokerCheck from phishing and similar scam websites, trying to steal your personal information or your money. Make sure you know who you're dealing with when investing, and contact FINRA with any concerns.

For more information read our [investor alert](#) on imposters.

About BrokerCheck®



BrokerCheck offers information on all current, and many former, registered securities brokers, and all current and former registered securities firms. FINRA strongly encourages investors to use BrokerCheck to check the background of securities brokers and brokerage firms before deciding to conduct, or continue to conduct, business with them.

- **What is included in a BrokerCheck report?**

- BrokerCheck reports for individual brokers include information such as employment history, professional qualifications, disciplinary actions, criminal convictions, civil judgments and arbitration awards. BrokerCheck reports for brokerage firms include information on a firm's profile, history, and operations, as well as many of the same disclosure events mentioned above.

- Please note that the information contained in a BrokerCheck report may include pending actions or allegations that may be contested, unresolved or unproven. In the end, these actions or allegations may be resolved in favor of the broker or brokerage firm, or concluded through a negotiated settlement with no admission or finding of wrongdoing.

- **Where did this information come from?**

- The information contained in BrokerCheck comes from FINRA's Central Registration Depository, or CRD® and is a combination of:

- o information FINRA and/or the Securities and Exchange Commission (SEC) require brokers and brokerage firms to submit as part of the registration and licensing process, and
- o information that regulators report regarding disciplinary actions or allegations against firms or brokers.

- **How current is this information?**

- Generally, active brokerage firms and brokers are required to update their professional and disciplinary information in CRD within 30 days. Under most circumstances, information reported by brokerage firms, brokers and regulators is available in BrokerCheck the next business day.

- **What if I want to check the background of an investment adviser firm or investment adviser representative?**

- To check the background of an investment adviser firm or representative, you can search for the firm or individual in BrokerCheck. If your search is successful, click on the link provided to view the available licensing and registration information in the SEC's Investment Adviser Public Disclosure (IAPD) website at <https://www.adviserinfo.sec.gov>. In the alternative, you may search the IAPD website directly or contact your state securities regulator at <http://www.finra.org/Investors/ToolsCalculators/BrokerCheck/P455414>.

- **Are there other resources I can use to check the background of investment professionals?**

- FINRA recommends that you learn as much as possible about an investment professional before deciding to work with them. Your state securities regulator can help you research brokers and investment adviser representatives doing business in your state.

Thank you for using FINRA BrokerCheck.



Using this site/information means that you accept the FINRA BrokerCheck Terms and Conditions. A complete list of Terms and Conditions can be found at

brokercheck.finra.org



For additional information about the contents of this report, please refer to the User Guidance or www.finra.org/brokercheck. It provides a glossary of terms and a list of frequently asked questions, as well as additional resources.

[For more information about FINRA, visit www.finra.org.](http://www.finra.org)



CENTAURUS FINANCIAL, INC.

CRD# 30833

SEC# 8-45185

Main Office Location

2300 E. KATELLA AVENUE
SUITE #200
ANAHEIM, CA 92806
Regulated by FINRA Los Angeles Office

Mailing Address

2300 E. KATELLA AVENUE
SUITE #200
ANAHEIM, CA 92806

Business Telephone Number

714-456-1790

This firm is a brokerage firm and an investment adviser firm. For more information about investment adviser firms, visit the SEC's Investment Adviser Public Disclosure website at:

<https://www.adviserinfo.sec.gov>

Report Summary for this Firm

This report summary provides an overview of the brokerage firm. Additional information for this firm can be found in the detailed report.

Firm Profile

This firm is classified as a corporation.

This firm was formed in California on 08/27/1992.

Its fiscal year ends in April.

Firm History

Information relating to the brokerage firm's history such as other business names and successions (e.g., mergers, acquisitions) can be found in the detailed report.

Firm Operations

This firm is registered with:

- the SEC
- 1 Self-Regulatory Organization
- 53 U.S. states and territories

Is this brokerage firm currently suspended with any regulator? **No**

This firm conducts 16 types of businesses.

This firm is affiliated with financial or investment institutions.

This firm has referral or financial arrangements with other brokers or dealers.

Disclosure Events

Brokerage firms are required to disclose certain criminal matters, regulatory actions, civil judicial proceedings and financial matters in which the firm or one of its control affiliates has been involved.

Are there events disclosed about this firm? **Yes**

The following types of disclosures have been reported:

Type	Count
Regulatory Event	14
Arbitration	8



Firm Profile

This firm is classified as a corporation.

This firm was formed in California on 08/27/1992.

Its fiscal year ends in April.

Firm Names and Locations

This section provides the brokerage firm's full legal name, "Doing Business As" name, business and mailing addresses, telephone number, and any alternate name by which the firm conducts business and where such name is used.

CENTAURUS FINANCIAL, INC.

Doing business as CENTAURUS FINANCIAL, INC.

CRD# 30833

SEC# 8-45185

Main Office Location

2300 E. KATELLA AVENUE
SUITE #200
ANAHEIM, CA 92806

Regulated by FINRA Los Angeles Office

Mailing Address

2300 E. KATELLA AVENUE
SUITE #200
ANAHEIM, CA 92806

Business Telephone Number

714-456-1790



Firm Profile

This section provides information relating to all direct owners and executive officers of the brokerage firm.

Direct Owners and Executive Officers

Legal Name & CRD# (if any):	FEDERATION OF FINANCIAL SERVICES
Is this a domestic or foreign entity or an individual?	Domestic Entity
Position	OWNER
Position Start Date	03/1993
Percentage of Ownership	75% or more
Does this owner direct the management or policies of the firm?	Yes
Is this a public reporting company?	No

Legal Name & CRD# (if any):	KREMER, STEPHEN MARK 1188829
Is this a domestic or foreign entity or an individual?	Individual
Position	OWNER
Position Start Date	06/1999
Percentage of Ownership	5% but less than 10%
Does this owner direct the management or policies of the firm?	No
Is this a public reporting company?	No

Legal Name & CRD# (if any):	RUBINO, MICHAEL PETER 1188940
Is this a domestic or foreign entity or an individual?	Individual
Position	OWNER
Position Start Date	06/1999



Firm Profile

Direct Owners and Executive Officers (continued)

Percentage of Ownership 5% but less than 10%

Does this owner direct the management or policies of the firm? No

Is this a public reporting company? No

Legal Name & CRD# (if any): ADAMS, JOHN GLENN
4410751

Is this a domestic or foreign entity or an individual? Individual

Position DIRECTOR/SVP

Position Start Date 07/2015

Percentage of Ownership Less than 5%

Does this owner direct the management or policies of the firm? Yes

Is this a public reporting company? No

Legal Name & CRD# (if any): DUHOVIC, JEROME VICTOR
2123754

Is this a domestic or foreign entity or an individual? Individual

Position CHIEF COMPLIANCE OFFICER

Position Start Date 09/2017

Percentage of Ownership Less than 5%

Does this owner direct the management or policies of the firm? Yes

Is this a public reporting company? No

Legal Name & CRD# (if any): DUHOVIC, JEROME VICTOR

Firm Profile



Direct Owners and Executive Officers (continued)

2123754

Is this a domestic or foreign entity or an individual? Individual

Position DIRECTOR/EVP/CHIEF ADMINISTRATIVE OFFICER/CHIEF OPERATIONS OFFICER

Position Start Date 10/2006

Percentage of Ownership Less than 5%

Does this owner direct the management or policies of the firm? Yes

Is this a public reporting company? No

Legal Name & CRD# (if any): KING, JAMES RONALD SR
269927

Is this a domestic or foreign entity or an individual? Individual

Position DIRECTOR/CHAIRMAN OF THE BOARD/CEO

Position Start Date 10/2007

Percentage of Ownership Less than 5%

Does this owner direct the management or policies of the firm? Yes

Is this a public reporting company? No

Legal Name & CRD# (if any): KING, PAUL J
5017845

Is this a domestic or foreign entity or an individual? Individual

Position DIRECTOR/GENERAL COUNSEL

Position Start Date 06/2012

Percentage of Ownership Less than 5%



Firm Profile

Direct Owners and Executive Officers (continued)

Does this owner direct the management or policies of the firm? Yes

Is this a public reporting company? No

Legal Name & CRD# (if any): KING, WESTLEY HAYES
2527676

Is this a domestic or foreign entity or an individual? Individual

Position DIRECTOR/PRESIDENT/CMO

Position Start Date 11/2007

Percentage of Ownership Less than 5%

Does this owner direct the management or policies of the firm? Yes

Is this a public reporting company? No

Legal Name & CRD# (if any): LEJMAN, SHERI J

Is this a domestic or foreign entity or an individual? Individual

Position CFO/SVP/PRINCIPAL FINANCIAL OFFICER AND PRINCIPAL OPERATIONS OFFICER

Position Start Date 10/2014

Percentage of Ownership Less than 5%

Does this owner direct the management or policies of the firm? Yes

Is this a public reporting company? No



Firm Profile

This section provides information relating to any indirect owners of the brokerage firm.

Indirect Owners

Legal Name & CRD# (if any):	KING, JAMES RONALD SR 269927
Is this a domestic or foreign entity or an individual?	Individual
Company through which indirect ownership is established	FEDERATION OF FINANCIAL SERVICES
Relationship to Direct Owner	SHAREHOLDER
Relationship Established	12/1995
Percentage of Ownership	50% but less than 75%
Does this owner direct the management or policies of the firm?	Yes
Is this a public reporting company?	No
<hr/>	
Legal Name & CRD# (if any):	DUHOVIC, JEROME VICTOR 2123754
Is this a domestic or foreign entity or an individual?	Individual
Company through which indirect ownership is established	FEDERATION OF FINANCIAL SERVICES
Relationship to Direct Owner	SHAREHOLDER
Relationship Established	08/2007
Percentage of Ownership	25% but less than 50%
Does this owner direct the management or policies of the firm?	Yes
Is this a public reporting company?	No

Firm History

This section provides information relating to any successions (e.g., mergers, acquisitions) involving the firm.

No information reported.





Firm Operations

Registrations

This section provides information about the regulators (Securities and Exchange Commission (SEC), self-regulatory organizations (SROs), and U.S. states and territories) with which the brokerage firm is currently registered and licensed, the date the license became effective, and certain information about the firm's SEC registration.

This firm is currently registered with the SEC, 1 SRO and 53 U.S. states and territories.

Federal Regulator	Status	Date Effective
SEC	Approved	01/21/1993

SEC Registration Questions

This firm is registered with the SEC as:

A broker-dealer: Yes

A broker-dealer and government securities broker or dealer: Yes

A government securities broker or dealer only: No

This firm has ceased activity as a government securities broker or dealer: No

Self-Regulatory Organization	Status	Date Effective
FINRA	Approved	04/15/1993



Firm Operations

Registrations (continued)

U.S. States & Territories	Status	Date Effective	U.S. States & Territories	Status	Date Effective
Alabama	Approved	12/03/1993	North Carolina	Approved	06/23/1993
Alaska	Approved	11/09/1993	North Dakota	Approved	03/07/1994
Arizona	Approved	11/09/1993	Ohio	Approved	10/20/1993
Arkansas	Approved	04/13/1994	Oklahoma	Approved	07/07/1993
California	Approved	04/22/1993	Oregon	Approved	07/21/1993
Colorado	Approved	06/02/1993	Pennsylvania	Approved	02/01/1994
Connecticut	Approved	09/07/1993	Puerto Rico	Approved	09/13/2017
Delaware	Approved	01/26/1994	Rhode Island	Approved	09/02/1993
District of Columbia	Approved	07/30/1993	South Carolina	Approved	10/19/1993
Florida	Approved	08/18/1993	South Dakota	Approved	10/20/1993
Georgia	Approved	10/13/1993	Tennessee	Approved	03/22/1995
Hawaii	Approved	10/20/1993	Texas	Approved	08/13/1993
Idaho	Approved	12/07/1993	Utah	Approved	07/09/1993
Illinois	Approved	08/31/1993	Vermont	Approved	09/20/1993
Indiana	Approved	06/21/1993	Virgin Islands	Approved	11/20/2014
Iowa	Approved	06/30/1993	Virginia	Approved	10/21/1993
Kansas	Approved	10/28/1993	Washington	Approved	06/15/1993
Kentucky	Approved	07/02/1993	West Virginia	Approved	07/06/1993
Louisiana	Approved	10/29/1993	Wisconsin	Approved	06/11/1993
Maine	Approved	01/31/1994	Wyoming	Approved	07/08/1993
Maryland	Approved	06/29/1993			
Massachusetts	Approved	10/22/1993			
Michigan	Approved	06/02/1993			
Minnesota	Approved	11/02/1993			
Mississippi	Approved	09/08/1993			
Missouri	Approved	10/25/1994			
Montana	Approved	06/08/1993			
Nebraska	Approved	01/01/1994			
Nevada	Approved	11/05/1993			
New Hampshire	Approved	11/15/1993			
New Jersey	Approved	08/18/1993			
New Mexico	Approved	11/10/1993			
New York	Approved	10/28/1993			



Firm Operations

Types of Business

This section provides the types of business, including non-securities business, the brokerage firm is engaged in or expects to be engaged in.

This firm currently conducts 16 types of businesses.

Types of Business

Broker or dealer retailing corporate equity securities over-the-counter
Broker or dealer selling corporate debt securities
Mutual fund retailer
U S. government securities broker
Municipal securities dealer
Municipal securities broker
Broker or dealer selling variable life insurance or annuities
Broker or dealer selling oil and gas interests
Put and call broker or dealer or option writer
Investment advisory services
Broker or dealer selling tax shelters or limited partnerships in primary distributions
Broker or dealer selling tax shelters or limited partnerships in the secondary market
Non-exchange member arranging for transactions in listed securities by exchange member
Private placements of securities
Broker or dealer selling interests in mortgages or other receivables
Other - CENTAURUS FINANCIAL, INC. IS A MEMBER OF THE NATIONAL FUTURES ASSOCIATION TO SOLICIT FUND POOLS ON A BEST EFFORTS BASIS, INCLUDING COMMODITY POOLS, FUNDS OF FUNDS, AND MANAGED FUTURES.

Other Types of Business

This firm does effect transactions in commodities, commodity futures, or commodity options.

This firm does engage in other non-securities business.

Non-Securities Business Description: CENTAURUS FINANCIAL IS LICENSED WITH A MAJORITY OF STATE INSURANCE DEPARTMENTS, WHERE REQUIRED, TO SOLICIT NON-SECURITIES INSURANCE PRODUCTS. WE ARE ALSO LICENSED WITH VARIOUS SECRETARIES OF STATE AS A FORIEGN CORPORATION. CENTAURUS FINANCIAL IS ALSO A REGISTERED INVESTMENT ADVISOR WITH THE SEC.

Firm Operations



Clearing Arrangements

This firm does not hold or maintain funds or securities or provide clearing services for other broker-dealer(s).

Introducing Arrangements

This firm does refer or introduce customers to other brokers and dealers.

Name:	PERSHING LLC
CRD #:	7560
Business Address:	ONE PERSHING PLAZA JERSEY CITY, NJ 07399
Effective Date:	04/22/1993
Description:	CENTAURUS HAS A CLEARING ARRANGEMENT WITH PERSHING, LLC

Firm Operations

Industry Arrangements



This firm does have books or records maintained by a third party.

Name: CHARLES SCHWAB & CO., INC.
CRD #: 5393
Business Address: 2433 E. LINCOLN DRIVE
 PHOENIX, AZ 85016
Effective Date: 07/07/2011
Description: CENTAURUS FINANCIAL, INC. IN ITS CAPACITY AS A REGISTERED INVESTMENT ADVISOR HAS ENTERED INTO AN INVESTMENT MANAGER SERVICE AGREEMENT WITH CHARLES SCHWAB & CO., INC.

Name: TD AMERITRADE, INC.
CRD #: 7870
Business Address: 4075 SORRENTO VALLEY BLVD.
 SUITE A
 SAN DIEGO, CA 92121
Effective Date: 05/10/2010
Description: CENTAURUS FINANCIAL, INC. IN ITS CAPACITY AS A REGISTERED INVESTMENT ADVISOR HAS A MASTER ACCOUNT ARRANGEMENT WITH TD AMERTITRADE, INC.

Name: FIRST TRUST PORTFOLIOS L.P.
CRD #: 28519
Business Address: 120 E. LIBERTY DRIVE
 SUITE 400
 WHEATON, IL 60187
Effective Date: 01/31/2007
Description: CENTAURUS FINANCIAL, INC. HAS A CLEARING ARRANGEMENT WITH FIRST TRUST PORTFOLIOS L.P. ADVISOR DIRECT FOR UNIT INVESTMENT TRUST TRANSACTIONS.

Name: PERSHING LLC
CRD #: 7560
Business Address: ONE PERSHING PLAZA
 JERSEY CITY, NJ 07399

Firm Operations



Industry Arrangements (continued)

Effective Date: 04/22/1993
Description: CENTAURUS HAS A CLEARING ARRANGEMENT WITH PERSHING, LLC

This firm does have accounts, funds, or securities maintained by a third party.

Name: CHARLES SCHWAB & CO., INC.
CRD #: 5393
Business Address: 2433 E. LINCOLN DRIVE
 PHOENIX, AZ 85016
Effective Date: 07/07/2011
Description: CENTAURUS FINANCIAL, INC. IN ITS CAPACITY AS A REGISTERED INVESTMENT ADVISOR HAS ENTERED INTO AN INVESTMENT MANAGER SERVICE AGREEMENT WITH CHARLES SCHWAB & CO., INC.

Name: TD AMERITRADE, INC.
CRD #: 7870
Business Address: 4075 SORRENTO VALLEY BLVD.
 SUITE A
 SAN DIEGO, CA 92121
Effective Date: 05/20/2010
Description: CENTAURUS FINANCIAL, INC. IN ITS CAPACITY AS REGISTERED INVESTMENT ADVISOR HAS AN ADVISOR MASTER ACCOUNT WITH TD AMERITRADE, INC.

Name: PERSHING LLC
CRD #: 7560
Business Address: ONE PERSHING PLAZA
 JERSEY CITY, NJ 07399
Effective Date: 04/23/1993
Description: CENTAURUS HAS A CLEARING ARRANGEMENT WITH PERSHING, LLC

This firm does have customer accounts, funds, or securities maintained by a third party.

Name: CHARLES SCHWAB & CO., INC.
CRD #: 5393
Business Address: 2433 E. LINCOLN DRIVE
 PHOENIX, AZ 85016
Effective Date: 07/07/2011

Firm Operations



Industry Arrangements (continued)

Description: CENTAURUS FINANCIAL INC. IN ITS CAPACITY AS REGISTERED INVESTMENT ADVISOR HAS ENTERED INTO AN INVESTMENT MANAGER SERVICE AGREEMENT WITH CHARLES SCHWAB & CO., INC.

Name: TD AMERITRADE, INC.

CRD #: 7870

Business Address: 4075 SORRENTO VALLEY BLVD.
SUITE A
SAN DIEGO, CA 92121

Effective Date: 05/10/2010

Description: CENTAURUS FINANCIAL, INC. IN ITS CAPACITY AS REGISTERED INVESTMENT ADVISOR HAS A MASTER ACCOUNT ARRANGEMENT WITH TD AMERITRADE, INC.

Name: FIRST TRUST PORTFOLIOS L.P.

CRD #: 28519

Business Address: 120 E. LIBERTY DRIVE
SUITE 400
WHEATON, IL 60187

Effective Date: 01/31/2007

Description: CENTAURUS FINANCIAL, INC. HAS A CLEARING ARRANGEMENT WITH FIRST TRUST PORTFOLIO, L.P. ADVISOR DIRECT FOR UNIT INVESTMENT TRUST TRANSACTIONS.

Name: PERSHING LLC

CRD #: 7560

Business Address: ONE PERSHING PLAZA
JERSEY CITY, NJ 07399

Effective Date: 04/22/1993

Description: CENTAURUS HAS A CLEARING ARRANGEMENT WITH PERSHING, LLC

Control Persons/Financing

This firm does not have individuals who control its management or policies through agreement.

This firm does not have individuals who wholly or partly finance the firm's business.



Firm Operations

Organization Affiliates

This section provides information on control relationships the firm has with other firms in the securities, investment advisory, or banking business.

This firm is, directly or indirectly:

- in control of
 - controlled by
 - or under common control with
- the following partnerships, corporations, or other organizations engaged in the securities or investment advisory business.

ALPHA CENTAURI WEALTH MANAGEMENT INC. is under common control with the firm.

CRD #:	132837
Business Address:	2300 E. KATELLA AVENUE SUITE 200 ANAHEIM, CA 92805
Effective Date:	06/01/2002
Foreign Entity:	No
Country:	
Securities Activities:	No
Investment Advisory Activities:	Yes
Description:	CENTAURUS FINANCIAL, INC. SHARES COMMON DIRECTORS AND COMMON INDIRECT OWNER(S) WITH ALPHA CENTAURI WEALTH MANAGEMENT INC. RON KING (CRD #269927) IS A COMMON DIRECTOR OF BOTH ALPHA CENTAURI AND CENTAURUS FINANCIAL.

PACIFIC POINT SECURITIES, LLC is under common control with the firm.

CRD #:	150272
Business Address:	2300 E. KATELLA AVENUE SUITE 275 ANAHEIM, CA 92806
Effective Date:	04/07/2009
Foreign Entity:	No
Country:	
Securities Activities:	Yes

Firm Operations



Organization Affiliates (continued)

Investment Advisory Activities: No

Description: CENTAURUS FINANCIAL, INC. SHARES COMMON DIRECTORS AND COMMON INDIRECT OWNER(S) WITH PACIFIC POINT SECURITIES, LLC. JERRY DUHOVIC (2123754), WESTLEY KING (2527676), JAMES RON KING (269927) AND PAUL KING ARE COMMON DIRECTORS OF BOTH PACIFIC POINT AND CENTAURUS FINANCIAL.

This firm is not directly or indirectly, controlled by the following:

- bank holding company
- national bank
- state member bank of the Federal Reserve System
- state non-member bank
- savings bank or association
- credit union
- or foreign bank



Disclosure Events

All firms registered to sell securities or provide investment advice are required to disclose regulatory actions, criminal or civil judicial proceedings, and certain financial matters in which the firm or one of its control affiliates has been involved. For your convenience, below is a matrix of the number and status of disclosure events involving this brokerage firm or one of its control affiliates. Further information regarding these events can be found in the subsequent pages of this report.

	Pending	Final	On Appeal
Regulatory Event	0	14	0
Arbitration	N/A	8	N/A



Disclosure Event Details

What you should know about reported disclosure events:

1. **BrokerCheck provides details for any disclosure event that was reported in CRD. It also includes summary information regarding FINRA arbitration awards in cases where the brokerage firm was named as a respondent.**
2. **Certain thresholds must be met before an event is reported to CRD, for example:**
 - o A law enforcement agency must file formal charges before a brokerage firm is required to disclose a particular criminal event.
3. **Disclosure events in BrokerCheck reports come from different sources:**
 - o Disclosure events for this brokerage firm were reported by the firm and/or regulators. When the firm and a regulator report information for the same event, both versions of the event will appear in the BrokerCheck report. The different versions will be separated by a solid line with the reporting source labeled.
4. **There are different statuses and dispositions for disclosure events:**
 - o A disclosure event may have a status of *pending*, *on appeal*, or *final*.
 - § A "pending" event involves allegations that have not been proven or formally adjudicated.
 - § An event that is "on appeal" involves allegations that have been adjudicated but are currently being appealed.
 - § A "final" event has been concluded and its resolution is not subject to change.
 - o A final event generally has a disposition of *adjudicated*, *settled* or *otherwise resolved*.
 - § An "adjudicated" matter includes a disposition by (1) a court of law in a criminal or civil matter, or (2) an administrative panel in an action brought by a regulator that is contested by the party charged with some alleged wrongdoing.
 - § A "settled" matter generally involves an agreement by the parties to resolve the matter. Please note that firms may choose to settle customer disputes or regulatory matters for business or other reasons.
 - § A "resolved" matter usually involves no payment to the customer and no finding of wrongdoing on the part of the individual broker. Such matters generally involve customer disputes.
5. **You may wish to contact the brokerage firm to obtain further information regarding any of the disclosure events contained in this BrokerCheck report.**

Regulatory - Final

This type of disclosure event involves (1) a final, formal proceeding initiated by a regulatory authority (e.g., a state securities agency, self-regulatory organization, federal regulator such as the U.S. Securities and Exchange Commission, foreign financial regulatory body) for a violation of investment-related rules or regulations; or (2) a revocation or suspension of the authority of a brokerage firm or its control affiliate to act as an attorney, accountant or federal contractor.

Disclosure 1 of 14

Reporting Source: Regulator
Current Status: Final



Allegations: THE SECURITIES AND EXCHANGE COMMISSION ("COMMISSION") DEEMS IT APPROPRIATE AND IN THE PUBLIC INTEREST THAT PUBLIC ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS BE, AND HEREBY ARE, INSTITUTED PURSUANT TO SECTION 15(B) OF THE SECURITIES EXCHANGE ACT OF 1934 ("EXCHANGE ACT") AND SECTIONS 203(E) AND 203(K) OF THE INVESTMENT ADVISERS ACT OF 1940 ("ADVISERS ACT") AGAINST CENTAURUS FINANCIAL, INC. ("CFI" OR "RESPONDENT"). ON THE BASIS OF THIS ORDER AND RESPONDENT'S OFFER, THE COMMISSION FINDS THAT: THESE PROCEEDINGS ARISE OUT OF BREACHES OF FIDUCIARY DUTY BY CFI, A DUALY-REGISTERED INVESTMENT ADVISER AND BROKER-DEALER, IN CONNECTION WITH ITS RECEIPT OF THIRD-PARTY COMPENSATION FROM CLIENT INVESTMENTS WITHOUT FULLY AND FAIRLY DISCLOSING ITS CONFLICTS OF INTEREST. IN PARTICULAR, CFI INVESTED CLIENTS IN: MUTUAL FUND SHARE CLASSES THAT PAID CFI FEES PURSUANT TO RULE 12B-1 UNDER THE INVESTMENT COMPANY ACT OF 1940 ("12B-1 FEES"); CERTAIN MUTUAL FUNDS THAT ALSO GENERATED NO-TRANSACTION FEE ("NTF") REVENUE FOR THE FIRM; AND (3) CASH SWEEP PRODUCTS THAT LIKEWISE RESULTED IN CFI RECEIVING REVENUE SHARING. IN SPITE OF THESE FINANCIAL ARRANGEMENTS, CFI PROVIDED NO DISCLOSURE OR INADEQUATE DISCLOSURE OF THE MULTIPLE CONFLICTS OF INTEREST ARISING FROM THE FIRM'S RECEIPT OF THIS COMPENSATION. CFI, ALTHOUGH ELIGIBLE TO DO SO, DID NOT SELF-REPORT TO THE COMMISSION PURSUANT TO THE DIVISION OF ENFORCEMENT'S (THE "DIVISION") SHARE CLASS SELECTION DISCLOSURE INITIATIVE ("SCSD INITIATIVE"). AT ALL RELEVANT TIMES, CFI ALSO FAILED TO ADOPT AND IMPLEMENT WRITTEN COMPLIANCE POLICIES AND PROCEDURES REASONABLY DESIGNED TO PREVENT VIOLATIONS OF THE ADVISERS ACT AND THE RULES THEREUNDER IN CONNECTION WITH ITS MUTUAL FUND SHARE CLASS SELECTION PRACTICES, CASH SWEEP REVENUE SHARING, AND NTF REVENUE SHARING. AS A RESULT OF ITS CONDUCT, CFI WILLFULLY VIOLATED SECTIONS 206(2) AND 206(4) OF THE ADVISERS ACT AND RULE 206(4)-7 THEREUNDER.

Initiated By: UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Date Initiated: 06/02/2021

Docket/Case Number: 3-20357

Principal Product Type: Mutual Fund(s)

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Cease and Desist



Other Sanction(s)/Relief Sought:

Resolution: Order

Resolution Date: 06/02/2021

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct? Yes

Sanctions Ordered: Censure
Monetary/Fine \$250,000.00
Disgorgement/Restitution
Cease and Desist/Injunction

Other Sanctions Ordered: PREJUDGMENT INTEREST; UNDERTAKINGS

Sanction Details: THE FIRM WAS CENSURED, FINED \$250,000, ORDERED TO PAY DISGORGEMENT OF \$907,377, PLUS PREJUDGMENT INTEREST OF \$124,019, SHALL CEASE AND DESIST FROM COMMITTING OR CAUSING ANY VIOLATIONS AND ANY FUTURE VIOLATIONS OF SECTIONS 206(2) AND 206(4) OF THE ADVISERS ACT AND RULE 206(4)-7 THEREUNDER AND SHALL COMPLY WITH THE UNDERTAKINGS ENUMERATED IN THE ORDER.

Regulator Statement RESPONDENT HAS SUBMITTED AN OFFER OF SETTLEMENT (THE "OFFER") WHICH THE COMMISSION HAS DETERMINED TO ACCEPT. AS A RESULT OF ITS CONDUCT, THE FIRM WILLFULLY VIOLATED SECTIONS 206(2) AND 206(4) OF THE ADVISERS ACT AND RULE 206(4)-7 THEREUNDER. ACCORDINGLY, IT IS HEREBY ORDERED THAT: THE FIRM CEASE AND DESIST FROM COMMITTING OR CAUSING ANY VIOLATIONS AND ANY FUTURE VIOLATIONS OF SECTIONS 206(2) AND 206(4) OF THE ADVISERS ACT AND RULE 206(4)-7 THEREUNDER; IS CENSURED; SHALL PAY DISGORGEMENT OF \$907,377 AND PREJUDGMENT INTEREST OF \$124,019; SHALL PAY A CIVIL MONETARY PENALTY IN THE AMOUNT OF \$250,000; AND SHALL COMPLY WITH THE UNDERTAKINGS ENUMERATED IN THE ORDER. A FAIR FUND IS CREATED FOR THE PENALTIES, DISGORGEMENT, AND PREJUDGMENT INTEREST DESCRIBED ABOVE FOR DISTRIBUTION TO AFFECTED INVESTORS.

Reporting Source: Firm

Current Status: Final

Allegations: SEC ALLEGES BREACH OF FIDUCIARY DUTY BY CFI, A DUALLY-



REGISTERED INVESTMENT ADVISER AND BROKER/DEALER, IN CONNECTION WITH ITS RECEIPT OF THIRD-PARTY COMPENSATION FROM CLIENT INVESTMENTS WITHOUT FULLY AND FAIRLY DISCLOSING ITS CONFLICTS OF INTEREST. IN PARTICULAR, SINCE AT LEAST 2014 CFI INVESTED CLIENTS IN: (1) MUTUAL FUND SHARE CLASSES THAT PAID CFI FEES PURSUANT TO RULE 12B-1 UNDER THE INVESTMENT COMPANY ACT OF 1940 ("12B-1 FEES"); (2) CERTAIN MUTUAL FUNDS THAT ALSO GENERATED SERVICE FEE REVENUE FOR THE FIRM; AND (3) CASH SWEEP PRODUCTS THAT LIKEWISE RESULTED IN CFI RECEIVING REVENUE SHARING. IN SPITE OF THESE FINANCIAL ARRANGEMENTS, CFI PROVIDED NO DISCLOSURE OR INADEQUATE DISCLOSURE OF THE MULTIPLE CONFLICTS OF INTEREST ARISING FROM THE FIRM'S RECEIPT OF THIS COMPENSATION.

Initiated By: SECURITIES AND EXCHANGE COMMISSION

Date Initiated: 12/04/2018

Docket/Case Number: 3-20357

Principal Product Type: Mutual Fund(s)

Other Product Type(s): MONEY MARKET FUND(S)

Principal Sanction(s)/Relief Sought: Cease and Desist

Other Sanction(s)/Relief Sought:

Resolution: Order

Resolution Date: 06/02/2021

Sanctions Ordered: Censure
Monetary/Fine \$250,000.00
Disgorgement/Restitution
Cease and Desist/Injunction

Other Sanctions Ordered:

Sanction Details: CFI WAS REQUIRED TO PAY DISGORGEMENT OF \$907,377, PREJUDGMENT INTEREST OF \$124,019 AND A CIVIL MONETARY PENALTY OF \$250,000. THESE AMOUNTS WERE PAID ON JUNE 11, 2021, THROUGH CONTRIBUTION TO A QUALIFIED SETTLEMENT FUND ESCROW ACCOUNT KNOWN AS AN SEC FAIR FUND.

Firm Statement ON JUNE 2, 2021, A SETTLEMENT WAS FINALIZED WITH THE SEC REGARDING THIS MATTER. CFI AGREED, WITHOUT ADMITTING OR DENYING THE FINDINGS OF THE SEC, TO CEASE AND DESIST FROM COMMITTING OR CAUSING ANY VIOLATIONS AND ANY FUTURE VIOLATIONS



OF SECTIONS 206(2) AND 206(4) OF THE ADVISERS ACT AND RULE 206(4)-7 THEREUNDER. CFI WAS CENSURED AND PAID DISGORGEMENT OF \$907,377, PREJUDGMENT INTEREST OF \$124,019 AND A CIVIL MONETARY PENALTY OF \$250,000. THE AMOUNTS WERE PAID ON JUNE 11, 2021, THROUGH CONTRIBUTION TO A QUALIFIED SETTLEMENT FUND ESCROW ACCOUNT KNOWN AS AN SEC FAIR FUND. CFI HAS ALSO AGREED TO COMPLY WITH NOTIFICATION REQUIREMENTS AND CERTAIN UNDERTAKINGS RELATING TO SUPERVISION, DISCLOSURE AND COMPLIANCE PROGRAMS RELATED TO MUTUAL FUND SHARE CLASS SELECTION, CASH SWEEP PROGRAMS AND NO TRANSACTION FEE MUTUAL FUNDS.

Disclosure 2 of 14

Reporting Source:	Firm
Current Status:	Final
Allegations:	THE LDI ALLEGED THAT THE FIRM DID NOT DISCLOSE AN ADMINISTRATIVE ACTION ON THREE LICENSING RENEWAL APPLICATIONS AND UNTIMELY REPORTED TWO ADMINISTRATIVE ACTIONS IN VIOLATION OF LA. R.S. 22:1554 (A)(2) AND LA. R.S. 22:1563 (A).
Initiated By:	LOUISIANA DEPARTMENT OF INSURANCE
Date Initiated:	09/21/2020
Docket/Case Number:	N/A
Principal Product Type:	No Product
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Civil and Administrative Penalt(ies) /Fine(s)
Other Sanction(s)/Relief Sought:	
Resolution:	Other
Resolution Date:	10/15/2020
Sanctions Ordered:	Monetary/Fine \$500.00
Other Sanctions Ordered:	
Sanction Details:	\$500 FINE.
Firm Statement	WITHOUT ADMITTING OR DENYING ANY OF THE FACTS AND/OR CONCLUSIONS OF LAW CONTAINED IN THE ADMINISTRATIVE ACTION,



CENTAURUS WAS SUBJECT TO THE ENTRY OF AN ADMINISTRATIVE ACTION AND \$500 FINE.

IT SHOULD BE NOTED THAT THE FIRM DID NOT INTENTIONALLY FAIL TO REPORT OR DISCLOSE ANY INFORMATION THAT IS THE SUBJECT OF THIS DRP NOR DID IT INTENTIONALLY VIOLATE ANY REPORTING OR DISCLOSURE RULES. THE INFORMATION REFERENCED IN THE ABOVE PARAGRAPH WAS APPROPRIATELY AND TIMELY DISCLOSED ON THE FIRM'S FORM BD, THE CENTRAL REGISTRATION DEPOSITORY AND FINRA'S BROKERCHECK.

Disclosure 3 of 14

Reporting Source:	Regulator
Current Status:	Final
Allegations:	THE DIVISION ALLEGES THAT THE FIRM FAILED TO SUPERVISE REGISTERED REPRESENTATIVES IN VIOLATION OF SECTION 11-51-410(L)(I), C.R.S.; THE FIRM VIOLATED RULE 51-4.7(G)(2) BY FAILING TO COMPLY WITH THE FAIR PRACTICE OR ETHICAL STANDARDS CONTAINED IN FINRA RULE 2010; AND THE FIRM FAILED TO MAKE, MAINTAIN, AND PRESERVE CERTAIN DOCUMENTS THAT ARE PART OF THE RECORDS IT IS REQUIRED TO MAKE, MAINTAIN AND PRESERVE PURSUANT TO COLORADO RULE 51-4.5 AND IN VIOLATION OF SECTION 11-51-410(B), C. R. S.
Initiated By:	COLORADO DIVISION OF SECURITIES
Date Initiated:	09/25/2019
Docket/Case Number:	2019-CDS-016
URL for Regulatory Action:	
Principal Product Type:	Other
Other Product Type(s):	STRUCTURED PRODUCTS
Principal Sanction(s)/Relief Sought:	Other
Other Sanction(s)/Relief Sought:	LICENSING AND PRODUCT RESTRICTIONS
Resolution:	Order
Resolution Date:	04/22/2020



Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?

No

Sanctions Ordered:

Other Sanctions Ordered:

1. NOT SEEK TO LICENSE ANY PERSONS AS LICENSED SALES REPRESENTATIVES IN COLORADO WHO HAVE A REGULATORY ACTION IN THE LAST FIVE (5) YEARS AS IDENTIFIED IN ANY PART OF FINRA REV. FORM U4 (05/2009) ITEM 14C, D, E, OR F, OR MORE THAN THREE (3) CUSTOMER COMPLAINTS IN THE LAST FIVE (5) YEARS AS IDENTIFIED IN FINRA REV. FORM U4 (05/2009) ITEM 141;

2. NOT ALLOW ANYONE TO SUPERVISE ANY PERSONS AS LICENSED SALES REPRESENTATIVES IN COLORADO IF THAT SUPERVISOR HAS REGULATORY ACTION IN THE LAST FIVE (5) YEARS AS IDENTIFIED IN ANY PART OF FINRA REV. FORM U4 (05/2009) ITEM 14C, D, E, OR FOR MOTE THAN THREE (3) CUSTOMER COMPLAINTS IN THE LAST FIVE (5) YEARS AS IDENTIFIED IN FINRA REV. FORM U4 (05/2009) ITEM 141; AND

3. CEASE THE SALE OF STRUCTURED PRODUCTS (DEFINED AS PRINCIPAL PROTECTED NOTES, PARTIALLY PRINCIPAL PROTECTED NOTES, MARKET LINKED CERTIFICATES OF DEPOSIT, CALLABLE YIELD NOTES, ENHANCED YIELD NOTES, LEVERAGED NOTES AND REVERSE CONVERTIBLE NOTES) TO COLORADO CUSTOMERS.

Sanction Details:

1. NOT SEEK TO LICENSE ANY PERSONS AS LICENSED SALES REPRESENTATIVES IN COLORADO WHO HAVE A REGULATORY ACTION IN THE LAST FIVE (5) YEARS AS IDENTIFIED IN ANY PART OF FINRA REV. FORM U4 (05/2009) ITEM 14C, D, E, OR F, OR MORE THAN THREE (3) CUSTOMER COMPLAINTS IN THE LAST FIVE (5) YEARS AS IDENTIFIED IN FINRA REV. FORM U4 (05/2009) ITEM 141;

2. NOT ALLOW ANYONE TO SUPERVISE ANY PERSONS AS LICENSED SALES REPRESENTATIVES IN COLORADO IF THAT SUPERVISOR HAS REGULATORY ACTION IN THE LAST FIVE (5) YEARS AS IDENTIFIED IN ANY PART OF FINRA REV. FORM U4 (05/2009) ITEM 14C, D, E, OR FOR MOTE THAN THREE (3) CUSTOMER COMPLAINTS IN THE LAST FIVE (5) YEARS AS IDENTIFIED IN FINRA REV. FORM U4 (05/2009) ITEM 141; AND



3. CEASE THE SALE OF STRUCTURED PRODUCTS (DEFINED AS PRINCIPAL PROTECTED NOTES, PARTIALLY PRINCIPAL PROTECTED NOTES, MARKET LINKED CERTIFICATES OF DEPOSIT, CALLABLE YIELD NOTES, ENHANCED YIELD NOTES, LEVERAGED NOTES AND REVERSE CONVERTIBLE NOTES) TO COLORADO CUSTOMERS.

Reporting Source: Firm

Current Status: Final

Allegations: THE STATE ALLEGED POTENTIAL VIOLATIONS OF §§ 11-51-410 (1)(B), (G), AND (I), C.R.S.; 3 CCR 704-1 AND COMMISSIONER RULES 51-4.5 AND 51-4.7(B), (G)(2); AND FINRA RULES 3110(A)(1), (A)(6) AND (B)(1).

Initiated By: STATE OF COLORADO

Date Initiated: 09/25/2019

Docket/Case Number: 2019-CDS-016

Principal Product Type: Other

Other Product Type(s): STRUCTURED CDS/NOTES

Principal Sanction(s)/Relief Sought: Other

Other Sanction(s)/Relief Sought: N/A

Resolution: Stipulation and Consent

Resolution Date: 04/22/2020

Sanctions Ordered:

Other Sanctions Ordered: THE FIRM AGREED TO A NEGOTIATED STIPULATED AGREEMENT THAT WAS ENTERED INTO ON 4/22/2020. THE FOLLOWING CONDITIONS WERE AGREED TO BY THE PARTIES:

I.CFI WILL NOT SEEK TO LICENSE ANY PERSONS AS REGISTERED REPRESENTATIVES IN COLORADO WHO HAVE A REGULATORY ACTION IN THE LAST FIVE (5) YEARS AS IDENTIFIED IN ANY PART OF FINRA REV. FORM U4 (05/2009) ITEM 14C, D, E, OR F, OR MORE THAN THREE (3) CUSTOMER COMPLAINTS IN THE LAST FIVE (5) YEARS AS IDENTIFIED IN FINRA REV. FORM U4 (05/2009) ITEM14I;

II.CFI WILL NOT ALLOW ANYONE TO SUPERVISE ANY PERSONS AS LICENSED REGISTERED REPRESENTATIVES IN COLORADO IF THAT SUPERVISOR HAS A REGULATORY ACTION IN THE LAST FIVE (5) YEARS AS



IDENTIFIED IN ANY PART OF FINRA REV. FORM U4 (05/2009) ITEM 14C, D, E, OR F OR MORE THAN THREE (3) CUSTOMER COMPLAINTS IN THE LAST FIVE (5) YEARS AS IDENTIFIED IN FINRA REV. FORM U4 (05/2009) ITEM14I; AND

III.CFI WILL CEASE THE SALE OF STRUCTURED PRODUCTS (DEFINED AS PRINCIPAL PROTECTED NOTES, PARTIALLY PRINCIPAL PROTECTED NOTES, MARKET LINKED CERTIFICATES OF DEPOSIT, CALLABLE YIELD NOTES, ENHANCED YIELD NOTES, LEVERAGED NOTES AND REVERSE CONVERTIBLE NOTES) TO COLORADO CLIENTS.

Sanction Details: SEE 12B ABOVE.

Disclosure 4 of 14

Reporting Source:	Firm
Current Status:	Final
Allegations:	THE FIRM PROVIDED INCOMPLETE INFORMATION ON A NON-RESIDENT INSURANCE RENEWAL APPLICATION DATED JULY 22, 2016.
Initiated By:	STATE OF OKLAHOMA-INSURANCE DEPARTMENT
Date Initiated:	08/11/2016
Docket/Case Number:	16-0741-DEN
Principal Product Type:	Insurance
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Civil and Administrative Penalt(ies) /Fine(s)
Other Sanction(s)/Relief Sought:	
Resolution:	Order
Resolution Date:	11/10/2016
Sanctions Ordered:	Monetary/Fine \$500.00
Other Sanctions Ordered:	\$625 HEARING COST.
Sanction Details:	\$500 FINE PAID SEPTEMBER 20, 2016. \$625 HEARING COST PAID NOVEMBER 14, 2016.
Firm Statement	THE FIRM WAS FOUND TO HAVE PROVIDED INCOMPLETE INFORMATION ON A RENEWAL APPLICATION DATED JULY 22, 2016. WHILE THE HEARING EXAMINER DID NOT FIND THAT THE FIRM INTENTIONALLY VIOLATED ANY



RULES, IT DID FAIL TO MAKE A DISCLOSURE WITHIN THE STATUTORY TIME FRAME.

Disclosure 5 of 14

Reporting Source:	Regulator
Current Status:	Final
Allegations:	WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT FAILED TO IDENTIFY AND APPLY SALES CHARGE DISCOUNTS TO CERTAIN CUSTOMERS' ELIGIBLE PURCHASES OF UNIT INVESTMENT TRUSTS (UITs). THE FINDINGS STATED THAT SPECIFICALLY, THE FIRM FAILED TO APPLY SALES CHARGE DISCOUNTS TO ELIGIBLE UIT PURCHASES RESULTING IN CUSTOMERS PAYING EXCESSIVE SALES CHARGES OF APPROXIMATELY \$85,281.62. THE FIRM HAS PAID RESTITUTION TO ALL AFFECTED CUSTOMERS. THE FINDINGS ALSO STATED THAT THE FIRM FAILED TO ESTABLISH, MAINTAIN AND ENFORCE A SUPERVISORY SYSTEM AND WSPS REASONABLY DESIGNED TO ENSURE CUSTOMERS RECEIVED SALES CHARGE DISCOUNTS ON ALL ELIGIBLE UIT PURCHASES. THE FIRM RELIED PRIMARILY ON ITS REGISTERED REPRESENTATIVES TO APPLY APPROPRIATE UIT SALES CHARGE DISCOUNTS TO CUSTOMER PURCHASES, BUT DID NOT ENSURE THAT THE SALES CHARGE DISCOUNTS WERE IDENTIFIED AND CALCULATED ACCURATELY.
Initiated By:	FINRA
Date Initiated:	06/23/2016
Docket/Case Number:	2014041676601
Principal Product Type:	Unit Investment Trust(s)
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	
Other Sanction(s)/Relief Sought:	
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	06/23/2016



Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?

No

Sanctions Ordered:

Censure
Monetary/Fine \$100,000.00
Disgorgement/Restitution

Other Sanctions Ordered:

Sanction Details:

THE FIRM WAS CENSURED, FINED \$100,000, AND REQUIRED TO PAY \$85,281.62 IN RESTITUTION TO CUSTOMERS. THE FIRM HAS PAID RESTITUTION TO ALL AFFECTED CUSTOMERS. FINE PAID IN FULL ON AUGUST 31, 2016.

Reporting Source:

Firm

Current Status:

Final

Allegations:

WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO AN ACCEPTANCE, WAIVER & CONSENT ASSERTING THAT IT FAILED TO IDENTIFY AND APPLY SALES CHARGE DISCOUNTS TO CERTAIN CUSTOMERS' PURCHASES OF UNIT INVESTMENT TRUSTS (UITs) AND THAT IT FAILED TO ESTABLISH, MAINTAIN AND ENFORCE A SUPERVISORY SYSTEM AND WSPS REASONABLY DESIGNED TO ENSURE CUSTOMERS RECEIVED SALES CHARGE DISCOUNTS. THE FIRM RELIED PRIMARILY ON ITS REGISTERED REPRESENTATIVES TO APPLY APPROPRIATE UIT SALES CHARGE DISCOUNTS.

Initiated By:

FINRA

Date Initiated:

07/01/2016

Docket/Case Number:

[2014041676601](#)

Principal Product Type:

Unit Investment Trust(s)

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution:

Acceptance, Waiver & Consent(AWC)



Resolution Date: 06/23/2016

Sanctions Ordered: Censure
Monetary/Fine \$100,000.00
Disgorgement/Restitution

Other Sanctions Ordered:

Sanction Details: THE FIRM WAS CENSURED, FINED \$100,000 AND PAID \$85,281.62 IN RESTITUTION TO CUSTOMERS. IS SHOULD BE NOTED THE FIRM REIMBURSED CLIENTS UNILATERALLY LONG BEFORE REQUIRED TO DO SO BY FINRA.

Disclosure 6 of 14

Reporting Source: Regulator

Current Status: Final

Allegations: SEC RULE 17A-4(B)(4), FINRA RULE 2010, NASD RULES 2210, 2211, 3010, 3010(A) AND (D)(3), 3110(A): FIVE OF THE FIRM'S REGISTERED REPRESENTATIVES (WHOLESALE REPRESENTATIVES) FUNCTIONED AS WHOLESALERS FOR AN UNAFFILIATED INVESTMENT MANAGEMENT FIRM. ALTHOUGH THE FIRM CONTRACTED TO PROVIDE EXCLUSIVE AUTHORITY AND CONTROL OVER THE DIRECTION AND SUPERVISION OF THE REPRESENTATIVES IN CONNECTION WITH WHOLESALING FIVE OF THE INVESTMENT MANAGEMENT FIRM'S FUND PRIVATE PLACEMENTS, THE FIRM'S WRITTEN SUPERVISORY PROCEDURES (WSPS) DID NOT ADDRESS THE SUPERVISION OF WHOLESALING ACTIVITIES AND THE FIRM DID NOT SUPERVISE THE WHOLESALING ACTIVITIES OF THE WHOLESALE REPRESENTATIVES. THE WHOLESALE REPRESENTATIVES DID NOT USE THEIR FIRM'S EMAILS FOR THEIR WHOLESALING ACTIVITIES AND INSTEAD TYPICALLY USED THE INVESTMENT MANAGEMENT FIRM'S EMAIL DOMAIN TO SEND COMMUNICATIONS RELATED TO WHOLESALING THE FUNDS. HOWEVER, THE FIRM DID NOT REVIEW OR RETAIN THOSE EMAILS. THE WHOLESALE REPRESENTATIVES DISTRIBUTED COMMUNICATIONS RELATED TO THE PRIVATE PLACEMENTS AND THE INVESTMENT MANAGEMENT FIRM (INCLUDING BROKER-USE ONLY MATERIALS) TO OTHER FINRA MEMBER FIRMS. SEVERAL OF THE COMMUNICATIONS FAILED ADEQUATELY TO DISCLOSE INVESTING RISKS AND WERE MISLEADING, WHILE MANY ALSO MADE UNWARRANTED PERFORMANCE CLAIMS AND HAD OTHER SALES MATERIAL CONTENT DEFICIENCIES.

Initiated By: FINRA

Date Initiated: 01/28/2014

Docket/Case Number: [2011026915002](#)



Principal Product Type:	Other
Other Product Type(s):	PRIVATE PLACEMENTS
Principal Sanction(s)/Relief Sought:	Other
Other Sanction(s)/Relief Sought:	N/A
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	01/28/2014
Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?	No
Sanctions Ordered:	Censure Monetary/Fine \$25,000.00
Other Sanctions Ordered:	
Sanction Details:	WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE THE FIRM IS CENSURED AND FINED \$25,000. FINE PAID IN FULL 02/27/2014.
<hr/>	
Reporting Source:	Firm
Current Status:	Final
Allegations:	SEC RULE 17A-4(B)(4), FINRA RULE 2010, NASD RULES 2210, 2211, 3010, 3010(A) AND (D)(3), 3110(A): FIVE OF THE FIRM'S REGISTERED REPRESENTATIVES (WHOLESALE REPRESENTATIVES) FUNCTIONED AS WHOLESALERS FOR AN UNAFFILIATED INVESTMENT MANAGEMENT FIRM. ALTHOUGH THE FIRM CONTRACTED TO PROVIDE EXCLUSIVE AUTHORITY AND CONTROL OVER THE DIRECTION AND SUPERVISION OF THE REPRESENTATIVES IN CONNECTION WITH WHOLESALING FIVE OF THE INVESTMENT MANAGEMENT FIRM'S FUND PRIVATE PLACEMENTS, THE FIRM'S WRITTEN SUPERVISORY PROCEDURES (WSPS) DID NOT ADDRESS THE SUPERVISION OF WHOLESALING ACTIVITIES AND THE FIRM DID NOT SUPERVISE THE WHOLESALING ACTIVITIES OF THE WHOLESALE REPRESENTATIVES. THE WHOLESALE REPRESENTATIVES DID NOT USE THEIR FIRM'S EMAILS FOR THEIR WHOLESALING ACTIVITIES AND INSTEAD TYPICALLY USED THE INVESTMENT MANAGEMENT FIRM'S EMAIL DOMAIN



TO SEND COMMUNICATIONS RELATED TO WHOLESALING THE FUNDS. HOWEVER, THE FIRM DID NOT REVIEW OR RETAIN THOSE EMAILS. THE WHOLESALERS REPRESENTATIVES DISTRIBUTED COMMUNICATIONS RELATED TO THE PRIVATE PLACEMENTS AND THE INVESTMENT MANAGEMENT FIRM (INCLUDING BROKER-USE ONLY MATERIALS) TO OTHER FINRA MEMBER FIRMS. SEVERAL OF THE COMMUNICATIONS FAILED ADEQUATELY TO DISCLOSE INVESTING RISKS AND WERE MISLEADING, WHILE MANY ALSO MADE UNWARRANTED PERFORMANCE CLAIMS AND HAD OTHER SALES MATERIAL CONTENT DEFICIENCIES.

THE FIRM OFFERS THE FOLLOWING TO FURTHER CLARIFY THE FACTS AND CIRCUMSTANCES WITH RESPECT TO THIS MATTER. THE WHOLESALING ACTIVITY IN QUESTION TOOK PLACE OVER A SHORT PERIOD OF TIME, SPECIFICALLY FROM FEBRUARY 2009 TO JANUARY 2010. IT INVOLVED FIVE (5) OF THE FIRM'S APPROXIMATELY SIX HUNDRED FIFTY (650) REGISTERED REPRESENTATIVES, EACH OF WHOM WERE REGISTERED AT THE FIRM AT DIFFERENT TIMES, WITH NO MORE THAN 3 REGISTERED AT ANY ONE TIME. IN THEIR CAPACITY AS WHOLESALERS FOR THIS UNAFFILIATED INVESTMENT FIRM, THESE REPRESENTATIVES DISTRIBUTED COMMUNICATIONS RELATED TO THE PRIVATE PLACEMENTS AND THE INVESTMENT FIRM (INCLUDING BROKER-USE ONLY MATERIALS) TO OTHER FINRA MEMBER FIRMS. THE NUMBER AND SPECIFIC COMMUNICATIONS DISTRIBUTED, IF ANY, IS UNKNOWN. FURTHERMORE, THERE WAS NO INDICATION THAT ANY OF THESE WRITTEN MATERIALS REACHED ANY MEMBER OF THE INVESTING PUBLIC. FINALLY, IT SHOULD BE NOTED THAT THESE OTHER FINRA MEMBER FIRMS HAD AN OBLIGATION TO REVIEW AND APPROVE SUCH COMMUNICATION, AS WAS PRESCRIBED/REQUIRED BY FINRA AND/OR ANY OTHER REGULATORY AGENCIES PRIOR TO DISTRIBUTION.

Initiated By: FINANCIAL INDUSTRY REGULATORY AUTHORITY

Date Initiated: 01/28/2014

Docket/Case Number: [2011026915002](#)

Principal Product Type: Other

Other Product Type(s): PRIVATE PLACEMENTS

Principal Sanction(s)/Relief Sought: Other

Other Sanction(s)/Relief Sought: N/A

Resolution: Acceptance, Waiver & Consent(AWC)



Resolution Date: 01/28/2014

Sanctions Ordered: Censure
Monetary/Fine \$25,000.00

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS. IN SO DOING, THE FIRM IS CENSURED AND FINED \$25,000.

Disclosure 7 of 14

Reporting Source: Regulator

Current Status: Final

Allegations: STAFF OF THE INDIANA SECURITIES DIVISION HAVE COMMENCED ADMINISTRATIVE PROCEEDINGS CONCERNING THE ALLEGED FAILURE TO SUPERVISE BY CENTAURUS OVER THE ACTIONS OF ITS AGENTS -- NAMELY AGENTS SUPPLYING FALSE INFORMATION TO THE INDIANA SECURITIES DIVISION. UPDATE 1/15/13-THIS MATTER HAS BEEN DISMISSED.

Initiated By: INDIANA

Date Initiated: 05/09/2012

Docket/Case Number: 12-0168 CD

URL for Regulatory Action:

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Cease and Desist

Other Sanction(s)/Relief Sought:

Resolution: Dismissed

Resolution Date: 12/31/2013

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct? No



Reporting Source:	Firm
Current Status:	Final
Allegations:	<p>THE STATE OF INDIANA BELIEVED THAT THE FIRM DID NOT FULFILL ITS SUPERVISORY OBLIGATION WHEN ONE REGISTERED REPRESENTATIVE FILED AN ERRONEOUS RESIDENTIAL ADDRESS ON HER FORM U4.</p> <p>THIS MATTER HAS SINCE BEEN DISMISSED.</p>
Initiated By:	STATE OF INDIANA, SECURITIES DIVISION
Date Initiated:	03/21/2013
Docket/Case Number:	12-0168
Principal Product Type:	No Product
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Cease and Desist
Other Sanction(s)/Relief Sought:	
Resolution:	Dismissed
Resolution Date:	12/31/2013
Firm Statement	<p>THE STATE OF INDIANA TOOK EXCEPTION TO ONE REGISTERED REPRESENTATIVE DENOTING A BUSINESS ADDRESS AS A HOME ADDRESS ON HER FORM U4 WHILE TRANSITIONING HER PERSONAL RESIDENCE. THIS REGISTERED REPRESENTATIVE HAS BEEN TERMINATED BY THE FIRM. THE FIRM BELIEVES IT HAD/HAS THE APPROPRIATE SUPERVISORY PROCEDURES AND SYSTEMS IN PLACE TO ENSURE ACCURACY ON REGISTERED REPRESENTATIVES FORMS U4. THE STATE OF INDIANA HAS DISMISSED CENTAURUS FROM THIS MATTER.</p>

Disclosure 8 of 14

Reporting Source:	Regulator
Current Status:	Final
Allegations:	<p>RESPONDENT VIOLATED A PROVISION OF A SPECIAL SUPERVISION AGREEMENT, ENTERED INTO FOR ONE OF ITS REPRESENTATIVES, BY FAILING TO NOTIFY THE DIVISION OF A CHANGE IN SUPERVISORS OF THE REGISTERED REPRESENTATIVE</p>



Initiated By: NEVADA
Date Initiated: 02/10/2011
Docket/Case Number: I10-057 BLM
URL for Regulatory Action:
Principal Product Type: No Product
Other Product Type(s):
Principal Sanction(s)/Relief Sought: Civil and Administrative Penalt(ies) /Fine(s)
Other Sanction(s)/Relief Sought: FOR INSPECTION OF RECORDS
Resolution: Consent
Resolution Date: 02/10/2011
Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct? No
Sanctions Ordered: Monetary/Fine \$5,000.00
Other Sanctions Ordered: FOR INSPECTION OF RECORDS - \$1,000
Sanction Details: PENALTIES, FINES AND FEES PAID IN FULL
Regulator Statement WITHOUT ADMITTING OR DENYING THE STATEMENT OF FACTS AND CONCLUSIONS OF LAW CONTAINED IN THIS ORDER, RESPONDENT CONSENTED TO THE ENTRY OF THIS ORDER. CONTACT THE DIVISION WITH ANY QUESTIONS

Reporting Source: Firm
Current Status: Final
Allegations: THE NEVADA SECURITIES DIVISION ALLEGED THAT CENTAURUS DID NOT COMPLY WITH ONE OF THE PROVISIONS OF AN AGREEMENT IT ENTERED INTO REGARDING THE SUPERVISION OF ONE OF ITS REGISTERED REPRESENTATIVES BY NOT NOTIFYING THE DIVISION, IN WRITING, WITHIN TEN CALENDAR DAYS, OF A CHANGE IN THE REPRESENTATIVE'S SUPERVISOR.
Initiated By: STATE OF NEVADA,



DIVISION OF SECURITIES,
OFFICE OF THE SECRETARY OF STATE

Date Initiated: 02/10/2011

Docket/Case Number: I10-057 BLM

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Other

Other Sanction(s)/Relief Sought: CONSENT ORDER AND FINE

Resolution: Consent

Resolution Date: 02/10/2011

Sanctions Ordered: Monetary/Fine \$5,000.00

Other Sanctions Ordered: REIMBURSEMENT FOR COST OF INSPECTION - \$1,000.

Sanction Details: THE AMOUNT OF THE FINE WAS \$5,000,IT WAS PAID ON 2/10/11 AND NO PORTION OF THE PENALTY WAS WAIVED.

Firm Statement
WITHOUT ADMITTING OR DENYING THE STATEMENT OF FACTS AND CONCLUSIONS OF LAW CONTAINED IN THE ADMINISTRATIVE ORDER, CENTAURUS CONSENTED TO THE ENTRY OF THE ORDER AND PAID A \$5,000 FINE TO SETTLE A MATTER IN WHICH IT WAS ALLEGED THAT IT VIOLATED ONE PROVISION OF AN AGREEMENT IT ENTERED INTO REGARDING THE SUPERVISION OF ONE OF ITS REGISTERED REPRESENTATIVES BY FAILING TO NOTIFY THE NEVADA SECURITIES DIVISION, IN WRITING, WITHIN TEN CALENDAR DAYS, OF A CHANGE IN THE REPRESENTATIVE'S SUPERVISOR.

Disclosure 9 of 14

Reporting Source: Regulator

Current Status: Final

Allegations: MSRB RULES G-14, G-27 - CENTAURUS FINANCIAL, INC. FAILED TO REPORT THE CORRECT TIME OF TRADE TO THE REAL-TIME TRANSACTION REPORTING SYSTEM (RTRS) IN REPORTS OF TRANSACTIONS IN MUNICIPAL SECURITIES. THE FIRM FAILED TO REPORT INFORMATION REGARDING PURCHASE AND SALE TRANSACTIONS EFFECTED IN MUNICIPAL SECURITIES TO THE RTRS IN THE MANNER PRESCRIBED BY RULE G-14 RTRS PROCEDURES AND THE RTRS USERS MANUAL; THE FIRM



FAILED TO REPORT INFORMATION ABOUT THE TRANSACTIONS WITHIN 15 MINUTES OF TIME OF TRADE TO AN RTRS PORTAL. THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH APPLICABLE SECURITIES LAWS, REGULATIONS AND MSRB RULES CONCERNING TRANSACTION REPORTING IN MUNICIPAL SECURITIES.

Initiated By: FINRA

Date Initiated: 08/25/2010

Docket/Case Number: [2009017096901](#)

Principal Product Type: Debt - Municipal

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 08/25/2010

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct? No

Sanctions Ordered: Censure
Monetary/Fine \$10,000.00

Other Sanctions Ordered: UNDERTAKING

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED, FINED \$10,000 AND REQUIRED TO REVISE ITS WRITTEN SUPERVISORY PROCEDURES REGARDING TRANSACTION REPORTING IN MUNICIPAL SECURITIES WITHIN 30 BUSINESS DAYS OF ACCEPTANCE OF THIS AWC BY THE NAC.

Reporting Source: Firm

Current Status: Final

Allegations: DURING THE REVIEW PERIOD, THE FIRM DID NOT REPORT THE CORRECT



TIME OF TRADE TO THE REAL-TIME TRANSACTION REPORTING SYSTEM (RTRS) FOR CERTAIN MUNICIPAL SECURITIES TRANSACTIONS AND ALSO DID NOT REPORT CERTAIN TRANSACTIONS TO THE RTRS WITHIN 15 MINUTES OF THE TIME OF TRADE AS REQUIRED BY MSRB RULE G-14. AS SUCH, THE FIRM'S SUPERVISORY PROCEDURES WERE DEEMED NOT TO PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH MSRB RULES CONCERNING REPORTING MUNICIPAL SECURITIES TRANSACTIONS.

Initiated By: FINRA

Date Initiated: 08/25/2010

Docket/Case Number: AWC 20090170969-01

Principal Product Type: Debt - Municipal

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Censure

Other Sanction(s)/Relief Sought: FINE OF \$10,000.00

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 08/25/2010

Sanctions Ordered: Censure
Monetary/Fine \$10,000.00

Other Sanctions Ordered:

Sanction Details: CENSURE AND FINE OF \$10000.00. REVISE WRITTEN PROCEDURES TO ADDRESS THE FINDINGS NOTED.

Disclosure 10 of 14

Reporting Source: Firm

Current Status: Final

Allegations: DURING THE APPROXIMATE PERIOD JULY 2009 THROUGH AUGUST 2009 CENTAURUS TRANSACTED INSURANCE BUSINESS WITH A LAPSED LICENSE.

Initiated By: STATE OF NEW YORK INSURANCE DEPARTMENT

Date Initiated: 07/24/2009

Docket/Case Number: 2009-0348-S



Principal Product Type:	Insurance
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Civil and Administrative Penalt(ies) /Fine(s)
Other Sanction(s)/Relief Sought:	NONE
Resolution:	Stipulation and Consent
Resolution Date:	12/21/2009
Sanctions Ordered:	Monetary/Fine \$750.00
Other Sanctions Ordered:	
Sanction Details:	FINE OF 750.00 WAS LEVIED AND PAID ON DECEMBER 11, 2009.
Firm Statement	THE FIRM HAS BEEN LICENSED AND COMPLIANT FOR INSURANCE IN THE STATE OF NEW YORK SINCE 1993. UNFORTUNATELY WE DID NOT RECEEIVE OUR APPLICATION FOR RENEWAL WHICH WAS DUE ON JUNE 30, 2009. UPON DISCOVERY THAT OUR LICENSE HAD LAPSED, REININSTATEMENT OF SAID APPLICATION WAS SUBMITTED TO THE DEPARTMENT ON JULY 24, 2009. CENTAURUS RECEIVED A REINSTATED LICENSE EFFECTIVE AUGUST 13, 2009.

Disclosure 11 of 14

Reporting Source:	Regulator
Current Status:	Final
Allegations:	RULE 30 OF REGULATION S-P, NASD RULES 2110, 2210, 2211 AND 3010: RESPONDENT CENTAURUS FINANCIAL, INC. FAILED TO PROTECT CERTAIN CONFIDENTIAL CUSTOMER RECORDS AND INFORMATION BY USING AN IMPROPERLY CONFIGURED COMPUTER FIREWALL AND EMPLOYING AN INEFFECTIVE USERNAME AND PASSWORD ON ITS COMPUTER FAX SERVER. CENTAURUS' FAILURES PERMITTED UNAUTHORIZED PERSONS TO ACCESS STORED IMAGES OF FAXES RECEIVED BY CENTAURUS, WHICH INCLUDED CUSTOMERS' SENSITIVE, PERSONAL AND CONFIDENTIAL DATA. CENTAURUS' FAILURE TO ADEQUATELY PROTECT ITS COMPUTER FAX SYSTEM ALSO PERMITTED AN UNKNOWN INDIVIDUAL TO CONDUCT A PHISHING SCAM. WHEN CENTAURUS BECAME AWARE OF THE PHISHING SCAM, IT CONDUCTED AN INADEQUATE INVESTIGATION AND SENT A MISLEADING NOTIFICATION LETTER TO AFFECTED CUSTOMERS AND THEIR BROKERS, TELLING THEM THAT ONLY ONE BENEVOLENT PERSON HAD OBTAINED ACCESS TO ITS COMPUTER FAX SERVER. CENTAURUS ALSO FAILED TO MAINTAIN A SUPERVISORY



SYSTEM AND PROCEDURES THAT WERE REASONABLY DESIGNED TO COMPLY WITH REGULATION S-P.

Initiated By: FINRA

Date Initiated: 04/28/2009

Docket/Case Number: [2007009780901](#)

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 04/28/2009

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct? No

Sanctions Ordered: Censure
Monetary/Fine \$175,000.00

Other Sanctions Ordered: UNDERTAKINGS

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, CENTAURUS FINANCIAL, INC. CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, THE FIRM IS CENSURED, FINED \$175,000 AND REQUIRED TO UNDERTAKE TO PROVIDE CORRECTED NOTIFICATIONS OF THE UNAUTHORIZED ACCESSES TO ALL PREVIOUSLY NOTIFIED CUSTOMERS AND BROKERS WITHIN 30 DAYS OF NOTICE OF THE ACCEPTED AWC; OFFER THESE CUSTOMERS ONE YEAR OF FREE CREDIT MONITORING; AND CERTIFY TO FINRA WITHIN 90 DAYS OF NOTICE OF THE ACCEPTED AWC THAT ITS PROCEDURES AND SYSTEMS ARE IN COMPLIANCE WITH PRIVACY REQUIREMENTS.

Reporting Source: Firm

Current Status: Final

Allegations: FAILURE TO: ADEQUATELY SAFEGUARD CERTAIN CUSTOMER



INFORMATION ON A COMPUTER FAX SERVER; ADEQUATELY RESPOND TO INFORMATION THAT UNAUTHORIZED USERS HAD ACCESSED THE SYSTEM; ADEQUATELY INVESTIGATE THE SCOPE OF THE UNAUTHORIZED ACCESS. SENT INACCURATE NOTIFICATIONS OF THE ACCESS TO AFFECTED CUSTOMERS AND REPRESENTATIVES. THUS, FAILURE TO COMPLY WITH REG S-P AND FINRA RULES 2010,2211,2110 AND 3010.

Initiated By: FINRA

Date Initiated: 04/28/2009

Docket/Case Number: [2007009780901](#)

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s)/Relief Sought: CENSURE

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 04/28/2009

Sanctions Ordered: Censure
Monetary/Fine \$175,000.00

Other Sanctions Ordered: TO PROVIDE CORRECTED NOTIFICATIONS OF THE UNAUTHORIZED ACCESSES TO ALL PREVIOUSLY NOTIFIED CUSTOMERS AND BROKERS WITHIN 30 DAYS OF NOTICE OF THE ACCEPTED AWC; OFFER THESE CUSTOMERS ONE YEAR OF FREE CREDIT MONITORING; AND CERTIFY TO FINRA WITHIN 90 DAYS OF NOTICE OF THE ACCEPTED AWC THAT ITS PROCEDURES AND SYSTEMS ARE IN COMPLIANCE WITH PRIVACY REQUIREMENTS.

Sanction Details: WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM WAS FINED \$175,000.00, CENSURED AND REQUIRED TO EFFECT THE UNDERTAKINGS DESCRIBED IN 12B. ABOVE.

Firm Statement IN ADDITION TO THE ITEMS DESCRIBED IN THE CORRECTIVE ACTION STATEMENT SUBMITTED BY CENTAURUS WITH THE AWC, CENTAURUS HAS IMPLEMENTED THE CORRECTIVE ACTIONS INCLUDED IN THE SANCTIONS DESCRIBED ABOVE.

Disclosure 12 of 14

Reporting Source: Regulator



Current Status: Final

Allegations: NASD RULES 1031, 3010, 2110, AND INTERPRETIVE MATERIAL 8310-1; RESPONDENT PAID COMMISSIONS IN CONNECTION WITH CUSTOMER EQUITY TRANSACTIONS DURING THE SUSPENSION PERIOD OF AN INDIVIDUAL ASSOCIATED WITH THE FIRM. IT'S SUSPENSORY SYSTEM FAILED TO PROVIDE FOR REASONABLE FOLLOW-UP AND REVIEW TO ENSURE THAT AN INDIVIDUAL DID NOT RECEIVE COMPENSATION FOR CUSTOMER EQUITY TRANSACTIONS DURING THE PERIOD OF HIS SUSPENSION.

Initiated By: NASD

Date Initiated: 05/02/2006

Docket/Case Number: [E022004017602](#)

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 05/02/2006

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct? No

Sanctions Ordered: Censure
Monetary/Fine \$15,000.00

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, RESPONDENT MEMBER FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, FIRM IS CENSURED AND FINED \$15,000.

Reporting Source: Firm

Current Status: Final



Allegations: FIRM MISTAKENLY PERMITTED A REPRESENTATIVE, SUSPENDED FROM ASSOCIATING WITH THE FIRM, TO BE PAID A COMMISSION.

Initiated By: NASD

Date Initiated: 05/02/2006

Docket/Case Number: AWC E022004017602

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s)/Relief Sought: CENSURE

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 05/02/2006

Sanctions Ordered: Censure
Monetary/Fine \$15,000.00

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, FIRM WAS CENSURED AND FINED \$15,000.00.

Disclosure 13 of 14

Reporting Source: Regulator

Current Status: Final

Allegations: NASD CONDUCT RULE 3070 - RESPONDENT MEMBER CENTAURUS FINANCIAL, INC., ACTING THROUGH AN INDIVIDUAL, FAILED TO TIMELY FILE A REPORT REGARDING FOUR EVENTS REQUIRED TO BE DISCLOSED PURSUANT TO NASD CONDUCT RULE 3070(B); AND FAILED TO TIMELY FILE A REPORT CONCERNING STATISTICAL AND SUMMARY INFORMATION RELATING TO EIGHTEEN CUSTOMER COMPLAINTS, PURSUANT TO NASD CONDUCT RULE 3070(C).

Initiated By: NASD

Date Initiated: 08/16/2004

Docket/Case Number: C02040029

Principal Product Type: No Product

**Other Product Type(s):****Principal Sanction(s)/Relief Sought:****Other Sanction(s)/Relief Sought:****Resolution:** Acceptance, Waiver & Consent(AWC)**Resolution Date:** 08/16/2004**Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?** No**Sanctions Ordered:** Censure
Monetary/Fine \$10,000.00**Other Sanctions Ordered:****Sanction Details:** WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, THE RESPONDENT MEMBER CONSENTED TO THE FINDING OF THE ALLEGATIONS AND TO THE FOLLOWING SANCTIONS: CENSURED AND FINED \$10,000.00, OF WHICH \$5,000.00 IS JOINTLY AND SEVERALLY.**Reporting Source:** Firm**Current Status:** Final**Allegations:** FAILURE TO TIMELY FILE CERTAIN REPORTABLE EVENTS AS REQUIRED BY NASD CONDUCT RULE 3070(B) AND CERTAIN REPORTABLE STATISTICAL AND SUMMARY INFORMATION AS IS REQUIRED BY NASD CONDUCT RULE 3070(C)**Initiated By:** NASD**Date Initiated:** 08/16/2004**Docket/Case Number:** AWC C02040029**Principal Product Type:** Other**Other Product Type(s):****Principal Sanction(s)/Relief Sought:** Civil and Administrative Penalt(ies) /Fine(s)



Other Sanction(s)/Relief Sought:	CENSURE AS TO THE FIRM ONLY.
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	08/16/2004
Sanctions Ordered:	Censure Monetary/Fine \$10,000.00
Other Sanctions Ordered:	
Sanction Details:	\$10,000.00 FINE, OF WHICH \$5000.00 IS JOINT AND SEVERAL WITH KEILLY. CENSURE AS TO THE FIRM.
Firm Statement	FINE PAID ON AUGUST 24, 2004

Disclosure 14 of 14

Reporting Source:	Regulator
Current Status:	Final
Allegations:	7/21/99GS: ON JUNE 29, 1999, DISTRICT NO. 2 NOTIFIED RESPONDENTS CENTAURUS FINANCIAL, INC. AND LAUREN LEE GEMMRIG THAT THE LETTER OF ACCEPTANCE, WAIVER, AND CONSENT NO. C02990036 WAS ACCEPTED; THEREFORE, THEY ARE CENSURED AND FINED \$5,000, JOINTLY AND SEVERALLY - (NASD RULES 2110 AND 3070 - (RESPONDENT MEMBER, ACTING UNDER THE DIRECTION AND CONTROL OF RESPONDENT GEMMRIG, FAILED TO REPORT TO THE NASD TWO CUSTOMER COMPLAINTS, TWO SECURITIES-RELATED CIVIL LITIGATIONS, AND TWO SECURITIES-RELATED ARBITRATIONS WHICH WERE DISPOSED OF BY SETTLEMENT IN THE AMOUNTS EXCEEDING \$25,000).
Initiated By:	NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
Date Initiated:	06/29/1999
Docket/Case Number:	C02990036
Principal Product Type:	Other
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	


Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 06/29/1999

Sanctions Ordered: Censure
Monetary/Fine \$5,000.00

Other Sanctions Ordered:

Sanction Details: FINED

Regulator Statement 10-27-99, \$5,000 PAID J&S ON 7/13/99, INVOICE #99-02-586

Reporting Source: Firm

Current Status: Final

Allegations: VIOLATION OF NASD CONDUCT RULES 2110 AND 3070

Initiated By: NASD

Date Initiated: 04/01/1999

Docket/Case Number: AWC # C02990036

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Censure

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 06/29/1999

Sanctions Ordered: Monetary/Fine \$5,000.00

Other Sanctions Ordered:

Sanction Details: CENSURE AND JOINT AND SEVERAL FINED IN THE AMOUNT OF \$5,000.00 WHICH WAS PAID IN FULL 4/28/1999

Firm Statement THE SUBJECT VIOLATION RESULTED FROM THE (FORMER) CONTROL AFFILIATE, LAUREN GEMMRIG'S FAILURE TO ELECTRONICALLY REPORT CERTAIN OCCURENCES IN A TIMELY MANNER DUE TO GLITCHES WITH NEWLY PURCHASED SOFTWARE, OUTSOURCING TO THIRD PARTIES AND



ISSUANCE OF CONFUSING ELECTRONIC REPORTING REQUIREMENTS BY THE NASD. HOWEVER, ALL OCCURENCES HAD BEEN PREVIOUSLY DISCLOSED TO THE NASD BY OTHER MEANS.



Arbitration Award - Award / Judgment

Brokerage firms are not required to report arbitration claims filed against them by customers; however, BrokerCheck provides summary information regarding FINRA arbitration awards involving securities and commodities disputes between public customers and registered securities firms in this section of the report.

The full text of arbitration awards issued by FINRA is available at www.finra.org/awardsonline.

Disclosure 1 of 8

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-FAILURE TO SUPERVISE
Arbitration Forum:	NASD
Case Initiated:	02/20/2004
Case Number:	04-01051
Disputed Product Type:	ANNUITIES; DO NOT USE-NO OTHER TYPE OF SEC INVOLVE
Sum of All Relief Requested:	\$3,000,000.00
Disposition:	AWARD AGAINST PARTY
Disposition Date:	02/11/2005
Sum of All Relief Awarded:	\$719,279.32

There may be a non-monetary award associated with this arbitration.
Please select the Case Number above to view more detailed information.

Disclosure 2 of 8

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT ACTIVITY-OTHER; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE; ACCOUNT RELATED-OTHER
Arbitration Forum:	FINRA



Case Initiated: 02/12/2010
Case Number: [10-00536](#)
Disputed Product Type: OTHER TYPES OF SECURITIES
Sum of All Relief Requested: \$435,000.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 01/07/2011
Sum of All Relief Awarded: \$213,485.86

There may be a non-monetary award associated with this arbitration.
Please select the Case Number above to view more detailed information.

Disclosure 3 of 8

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-OTHER;
ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-
NEGLIGENCE
Arbitration Forum: FINRA
Case Initiated: 02/26/2010
Case Number: [10-00847](#)
Disputed Product Type: COMMON STOCK
Sum of All Relief Requested: \$199,658.82
Disposition: AWARD AGAINST PARTY
Disposition Date: 08/02/2011
Sum of All Relief Awarded: \$40,000.01

There may be a non-monetary award associated with this arbitration.
Please select the Case Number above to view more detailed information.

Disclosure 4 of 8

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION
OF FACTS; ACCOUNT ACTIVITY-SUITABILITY

Arbitration Forum: FINRA
Case Initiated: 11/11/2010
Case Number: [10-05023](#)
Disputed Product Type: ANNUITIES
Sum of All Relief Requested: \$129,000.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 09/19/2011
Sum of All Relief Awarded: \$42,477.01

There may be a non-monetary award associated with this arbitration.
Please select the Case Number above to view more detailed information.

Disclosure 5 of 8

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT RELATED-NEGLIGENCE
Arbitration Forum: FINRA
Case Initiated: 12/06/2011
Case Number: [11-04428](#)
Disputed Product Type: COMMON STOCK
Sum of All Relief Requested: Unspecified Damages
Disposition: AWARD AGAINST PARTY
Disposition Date: 03/01/2013
Sum of All Relief Awarded: \$186,544.05

There may be a non-monetary award associated with this arbitration.
Please select the Case Number above to view more detailed information.

Disclosure 6 of 8

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-



MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS;
 ACCOUNT ACTIVITY-OTHER; ACCOUNT RELATED-BREACH OF CONTRACT;
 ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-
 NEGLIGENCE; ACCOUNT RELATED-OTHER

Arbitration Forum: FINRA
Case Initiated: 05/14/2012
Case Number: [12-01649](#)
Disputed Product Type:
Sum of All Relief Requested: \$900,000.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 07/16/2013
Sum of All Relief Awarded: \$817,116.01

There may be a non-monetary award associated with this arbitration.
 Please select the Case Number above to view more detailed information.

Disclosure 7 of 8

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-
 MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS;
 ACCOUNT ACTIVITY-OTHER; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT
 RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-FAILURE TO
 SUPERVISE; ACCOUNT RELATED-NEGLIGENCE; ACCOUNT RELATED-
 OTHER
Arbitration Forum: FINRA
Case Initiated: 10/10/2013
Case Number: [13-02924](#)
Disputed Product Type: REAL ESTATE INVESTMENT TRUST
Sum of All Relief Requested: \$1,000,862.01
Disposition: AWARD AGAINST PARTY
Disposition Date: 05/26/2015
Sum of All Relief Awarded: \$915,249.05

There may be a non-monetary award associated with this arbitration.



Please select the Case Number above to view more detailed information.

Disclosure 8 of 8

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-OMISSION OF FACTS; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE
Arbitration Forum:	FINRA
Case Initiated:	08/08/2014
Case Number:	14-02450
Disputed Product Type:	ANNUITIES; HEDGE FUND; LIMITED PARTNERSHIPS; PRIVATE EQUITIES; REAL ESTATE INVESTMENT TRUST; VARIABLE ANNUITIES
Sum of All Relief Requested:	\$1,500,000.00
Disposition:	AWARD AGAINST PARTY
Disposition Date:	06/03/2016
Sum of All Relief Awarded:	\$150,600.01

There may be a non-monetary award associated with this arbitration.
Please select the Case Number above to view more detailed information.

End of Report



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