

Matter of Mantei v Centaurus Fin. Inc.

2026 NY Slip Op 30547(U)

February 11, 2026

Supreme Court, New York County

Docket Number: Index No. 654972/2024

Judge: Paul A. Goetz

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This opinion is uncorrected and not selected for official publication.

**SUPREME COURT OF THE STATE OF NEW YORK
NEW YORK COUNTY**

PRESENT: HON. PAUL A. GOETZ PART 47

Justice

-----X

APPLICATION OF LISA MANTEI FOR AN ORDER
PURSUANT TO ARTICLE 75 OF THE CPLR CONFIRMING
AN ARBITRATION AWARD,

Petitioner,

INDEX NO. 654972/2024

MOTION DATE 11/13/2024,
N/A

MOTION SEQ. NO. 001 006

- v -

CENTAURUS FINANCIAL INC., FINANCIAL INDUSTRY
REGULATORY AUTHORITY RELIEF RESPONDENT,
SOUTH CAROLINA ATTORNEY GENERAL ALAN
WILSON,

**DECISION + ORDER ON
MOTION**

Respondents.

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The following e-filed documents, listed by NYSCEF document number (Motion 001) 4, 46, 49
were read on this motion to/for CONFIRM/DISAPPROVE AWARD/REPORT.

The following e-filed documents, listed by NYSCEF document number (Motion 006) 58, 59, 60, 61, 62,
63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 74, 75, 78, 79, 80, 81, 82, 83
were read on this motion to/for VACATE - DECISION/ORDER/JUDGMENT/AWARD.

In this special proceeding, petitioner, Lisa Mantei, seeks an order pursuant to CPLR §
7510 (MS #1) confirming a Financial Industry Regulatory Authority (“FINRA”) arbitration
award, dated July 4, 2024. Respondent, South Carolina Attorney General Alan Wilson, in his
official capacity as the Securities Commissioner for the State of South Carolina, (“South
Carolina AG”), who was granted leave to intervene in this matter by decision and order dated
February 25, 2025 (NYSCEF Doc No 76) opposes the petition and separately moves (MS #6) to
vacate the arbitration award.

BACKGROUND

Petitioner is a registered investment adviser in South Carolina (NYSCEF Doc No 2),
employed by Cola Wealth Advisors, a branch of respondent, Centaurus Financial, Inc.

(“Centaurus”) (NYSCEF Doc No 1 ¶ 9). Petitioner filed an expungement arbitration request with respondent FINRA, requesting the expungement of 6 “occurrences”,¹ filed by 11 customers identified in the arbitration filings as “Customers A” (Occurrence No. 2006502); (2) “Customers B” (FINRA Case No. 19-02028, Occurrence No. 2043140); (3) “Customers C” (FINRA Case No. 19-02273, Occurrence No. 2049074); (4) “Customer[s] D” (FINRA Case No. 20-00815, Occurrence No. 2053612); (5) “Customer[] E” (FINRA Case No. 20-01267, Occurrence No. 2075012); and (6) “Customer F” (FINRA Case No. 23-01597, Occurrence No. 2283781) (NYSCEF Doc No 2).

Centaurus, the only named respondent in the arbitration, filed its answer on October 19, 2023 stating “Centaurus does not oppose the allegations in [Mantei’s] Statement of Claim” (NYSCEF Doc No 62). Notice of the FINRA arbitration hearing was sent to the customers whose claims were at issue (NYSCEF Doc No 1 ¶ 16). The customer’s allegations primarily concerned the sale of “steepeners,” which are structured products,² that typically have maturity dates between 10 and 30 years after issuance (NYSCEF Doc No 59 ¶ 19). Depending on the market conditions, investors who seek to sell these “steepeners” prior to their maturity date run a risk of incurring losses (*id.*). The customer complaints at issue in the arbitration alleged that petitioner sold these “steepeners,” with the knowledge that they would not reach maturity until many of the customers were in their 90s (*see* NYSCEF Doc No 69).

¹ An occurrence within the context of FINRA includes, as relevant here, customer complaints alleging that a registered financial adviser acted improperly (*see* Web CRD® and IARDTM Training: Individual & Organization Disclosure, at p 2, <https://www.finra.org/sites/default/files/AppSupportDoc/p124434.pdf>).

² Structured products are pre-packaged financial investment strategies based on a single security, a basket of securities, an index, a commodity, a debt issuance, interest rates, or a foreign currency which can be used as an alternative to direct investment in a security that allows investors to employ specific strategies based on their willingness to take on risk and other specific financial goals (*see* Notice to Members 05-59: NASD Provides Guidance Concerning the Sale of Structured Products, <https://www.finra.org/rules-guidance/notices/05-59> [Sep 12, 2005]). Structured Products typically have a fixed maturity date (NYSCEF Doc No 59 ¶ 19)

The South Carolina AG notes that the steepeners sold by Centaurus were the subject of regulatory actions filed by the SEC (“SEC Order”) (NYSCEF Doc No 63), the Colorado Securities Commissioner (“Colorado Consent Order”) (NYSCEF Doc No 64), and the South Carolina Securities Commissioner (“SC Order”) (NYSCEF Doc No 65). The SEC Order and the SC Order both found that Centaurus agents made recommendations of structured products which were unsuitable for the specific customers’ financial needs. Ultimately, without admitting or denying the findings in the orders, Centaurus agreed to pay a civil penalty and undertake measures to prevent future sales of these products to unsuitable customers (NYSCEF Doc Nos 63 & 65).

The complaints by Customer B, C, D, E, and F in the FINRA filings were settled by Centaurus (NYSCEF Doc No 2 at p 8-9). The complaint by Customer A was closed by Centaurus on July 29, 2019 (NYSCEF Doc No 41 at p 20). After being given notice of the Arbitration hearing, Customer A submitted a written statement opposing the expungement request (NYSCEF Doc No 2 at p 8). No other customer submitted opposition, and Customer A did not appear at the hearing (*id.*).

Following the hearing, the Arbitrator awarded the expungement of all references to the Occurrence Numbers maintained by the CRD for petitioner finding that for each customer complaint:

Pursuant to Rule 13805 of the Code of Arbitration Procedure (“Code”), the Arbitrator has made the following affirmative finding(s) of fact:

The claim, allegation, or information is factually impossible or clearly erroneous.

The claim, allegation, or information is false.

(*id.* at 9).

DISCUSSION

Timeliness

As a preliminary matter, petitioner argues that the motion to vacate must be denied because the South Carolina AG failed to bring the motion to vacate within 90 days after the award was filed or delivered, pursuant to the Federal Arbitration Act, 9 USC § 12, which states, “[n]otice of a motion to vacate, modify or correct an award must be served upon the adverse party or his attorney within three months after the award is filed or delivered.”

However, as the South Carolina AG notes, he was not an “adverse party” to the underlying expungement hearing. Indeed, he was not given notice of the hearing, or that an award was issued until petitioner filed this petition on September 23, 2024 (NYSCEF Doc No 1). The South Carolina AG then filed a notice of appearance on November 1, 2024 (NYSCEF Doc No 12) and moved for *pro hac vice* admission and to intervene on November 1, 2024 and December 3, 2024 respectively (NYSCEF Doc Nos 14, 21, 27, and 36). The South Carolina AG’s motion to vacate was filed while the motion to intervene was pending (NYSCEF Doc No 58), which was granted on February 26, 2025 (NYSCEF Doc No 76). Considering that the South Carolina AG has been pursuing his rights diligently, the motion will not be denied as untimely and the merits of the motion to vacate will be determined (*Clark v Hanley*, 89 F4th 78 [2d Cir 2023]).

Standard of Review

It is well settled that judicial review of arbitration awards is extremely limited. An arbitration award must be upheld when the arbitrator offers even a barely colorable justification for the outcome reached. Indeed, we have stated time and again that an arbitrator’s award should not be vacated for errors of law and fact committed by the arbitrator and the courts should not assume the role of overseers to mold the award to conform to their sense of justice.

(*Wien & Malkin LLP v Helmsley-Spear, Inc.*, 6 NY3d 471, 480 [2006]).

Therefore, a court reviewing an arbitration award focuses on whether the “arbitrator exceeded her power, a determination that requires a finding that the award violates a strong public policy, is irrational, or clearly exceeds a specifically enumerated limitation on the arbitrator's power” (*Pincus v Motulsky*, 237 AD3d 624, 625 [1st Dept 2025]). An award can also be vacated if the arbitrator exhibits a “manifest disregard of law” (*Wien*, 6 NY3d at 480 [2006]). A party seeking to vacate an award on these grounds must demonstrate “both that (1) the arbitrators knew of a governing legal principle yet refused to apply it or ignored it altogether, and (2) the law ignored by the arbitrators was well defined, explicit, and clearly applicable to the case” (*id.* at 481).

Exceeded Powers

The South Carolina AG argues that the decision must be vacated because the arbitrator knowingly disregarded FINRA Rules 13805 and 2080 when granting the expungement. FINRA Rule 13805(c)(9)(A)(i) provides, in relevant part:

In order to issue an award containing expungement relief, the panel must find unanimously that one or more of the following grounds for expungement has been established:

- a. the claim, allegation or information is factually impossible or clearly erroneous;
- b. the registered person was not involved in the alleged investment-related sales practice violation, forgery, theft, misappropriation or conversion of funds; or
- c. the claim, allegation or information is false.

The South Carolina AG notes that the award states that the arbitrator made affirmative findings of fact, pursuant to Rule 13805 regarding the customer complaints that “[t]he claim, allegation, or information is factually impossible or clearly erroneous” and that “[t]he claim, allegation, or information is false” (NYSCEF Doc No 2 at p 9). Thus, he reasons that since the

arbitrator specifically cited the sections of FINRA Rule 13805(c)(9)(A)(i)(a) and (c), but did not cite FINRA Rule 13805(c)(9)(A)(i)(b) that the arbitrator did *not* find that “the registered person was not involved in the alleged [misconduct]” (NYSCEF Doc No 2 at 9). However, argues the South Carolina AG, when applying these findings to the individual Occurrence Numbers, the arbitrator concluded that two occurrences (Customers B and C) involved customers who were not petitioner’s clients, and that Customer F was no longer petitioner’s client (*id.* at 10-11).

The South Carolina AG argues therefore that these conclusions are necessarily an error, since the arbitrator failed to find that, pursuant to FINRA Rule 13805(c)(9)(A)(i)(b), petitioner “was not involved in” the underlying conduct for Customers B, C, and F. Notwithstanding the questionable allegation that the arbitrator erred by not first citing all three sections of the Rule 13805(c)(9)(A)(i), before concluding that the occurrence should be expunged based on the grounds that the complaints came from people who were not petitioner’s customers, the arbitrator’s determination that these occurrences were “factually impossible, clearly erroneous, [or] false” are sufficient grounds to expunge the occurrences whether these customers were petitioner’s or not. Regardless, FINRA arbitrators are “entitled to interpret [FINRA] rule[s] [and] any error in interpretation is a mere error of law that does not provide a basis for vacatur” (*Yarmak v Penson Fin. Services Inc.*, 146 AD3d 642 [1st Dept 2017]).

The South Carolina AG also argues that pursuant to FINRA’s own Expungement Training Manual, “[e]xpungement is an extraordinary remedy that arbitrators should recommend only under appropriate circumstances [and] [a]rbitrators should recommend expungement of customer dispute information only when it has no meaningful investor protection or regulatory value.³” This is because, “[o]nce information is expunged from the CRD system, it is

³ See FINRA Expungement Training Manual, page 8, www.finra.org/sites/default/files/FINRA%20ExpungementTraining%20%28September%202014%29.pdf

permanently deleted and no longer available to the investing public, regulators or prospective broker-dealer employers” (*id.*). He further notes that “straight-in⁴ expungement arbitrations,” like this one, are largely non-adversarial, as both the broker, and the firm usually have an interest in expungement. The South Carolina AG cites to three studies which conclude that despite the guidance that expungement is intended to be an extraordinary remedy, arbitrators granted expungements in 80-90% of hearings from 2015-2023.⁵

While the South Carolina AG may have legitimate concerns over FINRA procedures and how readily brokers have been able to have complaints against them expunged through the arbitration process, this court is not the proper forum to remedy such concerns. Instead, these concerns should be directed to FINRA, the SEC, or Congress (*see New York State Telecom. Assn., Inc. v James*, 101 F4th 135, 158 [2d Cir 2024], *cert denied*, 145 S Ct 984, 220 L Ed 2d 361 [2024], *reh denied*, 145 S Ct 1229, 221 L Ed 2d 286 [2025] [holding that the court was the improper venue to challenge established administrative policy, and plaintiff rather must lobby agencies and legislatures directly”]).

Refusal to Hear Evidence

The South Carolina AG also argues that the arbitration award should be vacated because the arbitrator refused to hear relevant evidence. He argues that because petitioner gave live

⁴ “Straight-in requests are expungement requests that are filed under the Industry Code, rather than the Customer Code, against the member firm at which the person was associated at the time the customer dispute arose. Thus, the customer involved in the customer dispute is not a party to these requests.” (Expungement of Customer Dispute Information, <https://www.finra.org/rules-guidance/key-topics/expungement-of-dispute-information>)

⁵ *See* Jason R. Doss & Lisa Braganca, The PIABA Foundation 2019 Study on FINRA Expungements – A Seriously Flawed Process That Should Be Stopped Immediately to Protect the Integrity of the Public Record. (October 15, 2019), www.piabafoundation.org/sites/default/files/2023-05/Expungement-Study-101519-FINAL-VERSION.pdf; *see also* David P. Meyer, Jason R. Doss, & Lisa Braganca, PIABA and the PIABA Foundation 2021 Updated Study on FINRA Expungements – A Seriously Flawed Process That Should Be Stopped Immediately to Protect the Integrity of the Public Record. (May 2021), www.piabafoundation.org/sites/default/files/inline-files/2021-Expungement-Study-051821-FINAL.pdf; and *see* Jason R. Doss, Joseph Borg, Joseph Peiffer, Richard A. Lewis, & Lisa Braganca, PIABA and the PIABA Foundation 2023 Updated Study on FINRA Expungements – A New Hope to Protect the Integrity of the Public Record (2023), www.piabafoundation.org/sites/default/files/2023-10/2023%20Expungement%20Study%20with%20Map.pdf

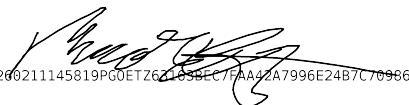
testimony at the hearing, and Customers A did not appear and only submitted a written affidavit, that the arbitration unfairly favored petitioner. However, the South Carolina AG has not submitted any evidence indicating that the Customers were not granted an opportunity to appear. The arbitrator found that petitioner served all the Customers with a Statement of Claim and notice of the date and time of the expungement hearing (NYSCEF Doc No 2 at 8). That none of the customers chose to appear, and only Customers A chose to submit a written statement is not a basis to disturb the arbitrator's award (*see Dorsey v Bd. of Regents of Univ. of State of N. Y.*, 87 AD2d 728 [3d Dept 1982] [holding that an interested party's non-appearance at a hearing does not invalidate the hearing panel's recommendation so long as the interested party was given notice and an opportunity to be heard]). "Furthermore, courts may not substitute their own credibility determinations for those of the arbitrator" (*Ma v Griffin*, 209 AD3d 614 [1st Dept 2022]). Thus, the arbitrator's determination that the submitted Customers' statement is not a basis upon which to vacate the award (*Smith v New York City Dept. of Educ.*, 109 AD3d 701 [1st Dept 2013] [an arbitrator's credibility determinations is entitled to great deference]).

Accordingly, it is,

ORDERED that the motion to vacate (MS #6) the arbitration award is denied; and it is further

ORDERED and ADJUDGED that the petition (MS #1) is granted and the arbitration award rendered in the matter entitled *Lisa B. Mantei v. Centaurus Financial, Inc.*, FINRA Case No: 23-02811, dated July 4, 2024 (NYSCEF Doc No 2) be and hereby is, confirmed; and it is further

ORDERED that all references to Occurrence Numbers 2006502, 2043140, 2049074, 2053612, 2075012, and 2283781 from registration records maintained by the CRD for Claimant Lisa B. Mantei (CRD Number 2230735).


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2/11/2026
DATE

PAUL A. GOETZ, J.S.C.

CHECK ONE:

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<input type="checkbox"/>	GRANTED	<input type="checkbox"/>	DENIED

<input type="checkbox"/>	NON-FINAL DISPOSITION		
<input checked="" type="checkbox"/>	GRANTED IN PART	<input type="checkbox"/>	OTHER

APPLICATION:

<input type="checkbox"/>	SETTLE ORDER
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CHECK IF APPROPRIATE:

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