

Jose L. Centeno

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UNITED STATES OF AMERICA SECURITIES AND EXCHANGE COMMISSION

<p>In the Matter of the Application of</p> <p>JOSE L. CENTENO,</p> <p>For Review of Adverse Action Taken By</p> <p>FINRA</p>	<p>RESPONDENT'S OPENING BRIEF</p>
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To: The Office of the Secretary
Securities and Exchange Commission
100 F Street NE
Washington, DC 20549

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1. Statement of Case and Facts

Respondent Centeno worked at FINRA from April 2009 to May 2014, first in a clerical role and then as a financial operations examiner. In 2014, respondent departed from FINRA and associated for the first time with a FINRA member firm, BMO Capital Markets. In July 2017, Mr. Centeno left BMO Capital Markets and joined Canaccord as a member of Canaccord's trading compliance group. Canaccord terminated Centeno on September 30, 2021, for failing to perform compliance reviews for a prolonged period of time. Mr. Centeno's CRD reflects that at the time of his termination from Canaccord, he was under internal review for failing to complete assigned compliance reviews for e. Currently, Centeno is associated with another FINRA member firm, Wedbush Securities Inc. ("Wedbush"), in a Compliance capacity.

2. Summary of Argument

Respondent argues that the FINRA National Adjudicatory Council (“NAC”) decision to uphold the FINRA Office of Hearing Officer’s (“OHO”) decision to suspend Mr. Centeno from association with any FINRA member firm for 12 months and to fine him \$10,000 is excessive and inconsistent with previous sanctions imposed by the NAC.

a. Respondent cites the following FINRA cases in support of his argument:

The following cases support the respondent’s argument that the NAC’s decision to suspend Mr. Centeno for a period of 12-months is not appropriate. Careful review of the cases below indicates that there is absolutely no precedent for imposing such harsh penalties for Mr. Centeno’s misconduct, and that there are a multitude of comparable cases (in terms of both the number of falsifications, and the time period during which these falsifications took place) in which the respondent has received a much more lenient sentence. Several cases include intentional falsification of firm records for monetary gain, with the misconduct leading to personal monetary gains of almost \$100,000, and occurring over several years. Review of the facts related to Mr. Centeno’s case clearly indicate that his misconduct was not to reap any financial reward, and that there was no direct monetary gain as a result of his actions. In addition, each case below represents violations of FINRA Rule 4511, and FINRA Rule 2010— the same rules that Mr. Centeno is being charged with violating.

FINRA Case #2023080625001

Details: Between September 2020 and August 2021, Krause mismarked 1,555 order tickets as unsolicited when the securities transactions were actually solicited by Krause. As a result, Krause violated FINRA Rules 4511 and 2010 by causing his member firm to make and preserve inaccurate books and records in violation of Section 17(a) of the Securities Exchange Act of 1934 (Exchange Act) and Rule 17a-3 thereunder. Therefore, Krause violated FINRA Rules 4511 and 2010.

Number of falsifications: 1,555

Length of record: 01/29/2026

Fine Amount: \$5,000

FINRA Case #2020065354801

Details: From October 2014 through December 2019, Takacs placed 1,286 trades in accounts covered by the joint production agreements using representative codes other than those he should have used.

Specifically, although Morgan Stanley's system correctly prepopulated the trades with the applicable joint representative code, Takacs changed the code for the 1,286 trades to his personal representative code or another joint representative code. As a result, Morgan Stanley's trade confirmations for the trades reflected an inaccurate representative code, and Takacs received a higher percentage of commissions than what he was entitled to receive pursuant to the joint production agreements.

In February 2020, Morgan Stanley paid restitution of approximately \$63,000 to Representative 1, which is the approximate amount of additional commissions Takacs received as a result of changing the representative code on the 1,286 trades.

By falsifying the representative code on the 1,286 trades, Takacs violated FINRA Rule 2010. In addition, Takacs violated FINRA Rules 4511 and 2010 by causing Morgan Stanley to maintain inaccurate trade confirmations.

Number of falsifications: 1,286

Length of suspension: 6 months

Fine Amount: \$5,000

Monetary Gain: \$63,000

FINRA Case #2018058614301

Details: From March 2015 through February 2018, Brendza falsified the representative code for 380 trades in Morgan Stanley's order entry system, causing the firm's trade confirmations to show an inaccurate representative code. As a result of Brendza's actions, Brendza and Representative 2 received higher commissions from the 380 trades than what they were entitled to receive pursuant to the amended agreement with Representative 1.

In September 2018, Morgan Stanley paid restitution to Representative 1. Brendza, together with

Representative 2, reimbursed the firm a total of approximately \$275,000, which is the approximate amount of additional commissions that they received from the 1,147 trades as a result of Brendza and Representative 2 falsifying the representative code on the trades. By falsifying the representative code on the 380 trades, Brendza violated FINRA Rule 2010. In addition, Brendza violated FINRA Rules 4511 and 2010 by causing Morgan Stanley to maintain inaccurate trade confirmations.

Number of falsifications: 380

Length of suspension: 6 months

Fine Amount: \$5,000

Monetary Gain: Brendza, together with the Representative 2, reimbursed the firm a total of approximately \$275,000, which is the approximate amount of additional commissions that they received from the trades as a result of them having falsified the representative code on the trades.

FINRA Case #2021071099403

Details: Between January 2017 and April 2019, Kochavi mischaracterized 1,586 securities transactions in a customer's accounts as unsolicited when they were actually solicited by Kochavi, thereby causing Western to make and preserve inaccurate books and records in violation of Section 17(a) of the Securities Exchange Act of 1934 (Exchange Act) and Exchange Act Rule 17a-3. As a result, Kochavi violated FINRA Rules 4511 and 2010. Therefore, Kochavi violated FINRA Rules 4511 and 2010.

Number of falsifications: 1,586

Length of suspension: 2 months

Fine Amount: \$10,000

FINRA Case #2018059808101

Details: From January 1, 2017 to August 17, 2018, Woitkoski mismarked order tickets for approximately 120 trades as "unsolicited" when the trades were his idea. Woitkoski had no communication with the customer for at least a week prior to entering the subject trade orders.

By violation of the Exchange Act, Woitkoski violated FINRA Rules 4511 and 2010.

Number of falsifications: 121

Length of suspension: 4 months

Fine Amount: \$5,000

FINRA Case #2016047634502

Details: From October 2015 through April 2016, Tomlinson caused R.F. Lafferty to maintain inaccurate order memoranda for each of the 379 trades he placed on a discretionary basis. Tomlinson failed to mark any of those transactions as having been entered pursuant to the exercise of discretion. In addition, Tomlinson affirmatively mismarked order tickets for 14 of those trades. Specifically, Tomlinson mismarked the order tickets for the 14 trades as "unsolicited" when, in fact, they were not unsolicited orders. As a result, Tomlinson caused R.F. Lafferty to make and maintain inaccurate order memoranda in violation of Section 17(a) of the Exchange Act, Rule 17a-3 thereunder, and FINRA Rule 4511.

Therefore, Tomlinson violated FINRA Rules 4511 and 2010.

Number of falsifications: 379

Length of suspension: 3 months

Fine Amount: \$7,500

FINRA Case #2022073661801

Details: From February 3, 2017 through December 31, 2017, Mancinelli marked approximately 810 purchase and sale transactions in municipal securities for the same customer described above as unsolicited even though he had recommended many of the purchase and sale transactions to the customer, thereby causing Dinosaur to have inaccurate books and records.

Number of falsifications: 810

Length of suspension: 30 days

Fine Amount: \$10,000

FINRA Case #2019061720801

Details: From February 1, 2017 through July 2018, Stannard placed a total of 136 trades in accounts that

were covered by the agreement using his own personal representative code. Specifically, although the firm's system correctly prepopulated the trades with the applicable joint representative code, Stannard changed the code for the 136 trades to his personal representative code. Stannard's actions resulted in his receiving higher commissions from the 136 trades than what he was entitled to receive pursuant to the agreement.

By causing Morgan Stanley to maintain inaccurate trade confirmations, Stannard violated FINRA Rules 4511 and 2010.

Number of falsifications: 136

Length of suspension: 10 business days

Fine Amount: \$2,500

Monetary Gain: Yes. Amount not specified.

FINRA Case #2020065627301

Details: From February 2019 through May 2019, Nelson entered hundreds of orders for securities transactions, using his name and representative code, in two customer accounts when, in fact, he was not the representative who was responsible for the accounts or who recommended the transactions. As Nelson knew, two other registered representatives of Wynston Hill — Representative A and Representative B — were responsible for those accounts, spoke with the customers, and recommended the securities transactions in question. As Nelson also knew, Representatives A and B had not obtained the relevant state securities registrations in the states where the two customers resided. Nelson entered the orders for the securities transactions recommended by Representatives A and B under his name and representative code in order to conceal the fact that Representatives A and B were conducting securities business on behalf of a customer residing in a state where they were not registered. Nelson and representatives A and B shared commissions earned from the transactions recommended in the accounts in question.

As a result of the foregoing, Nelson falsified firm records in violation of FINRA Rule 2010, and also violated FINRA Rules 4511 and 2010 by causing the firm to maintain inaccurate books and records.

Number of falsifications: Hundreds

Length of Suspension: 01/29/2026

Fine Amount: \$0

Fine Amount: \$5,000

FINRA Case #2019062369701

Details: At various times during the period from May 2018 through March 2019, Shepard, acting as a sales assistant, assisted another registered representative at LSF by processing new account openings and transfers for the representative's customers. The registered representative Shepard assisted frequently requested customers to sign and date blank account forms. The representative asked at least 49 different customers to sign at least 79 blank account forms. Shepard later filled in blanks on these pre-signed account forms— including adding information about the customers' investment objectives, net worth, investing history, and other background information—before processing the forms.

In addition, in one instance, Shepard cut and pasted a customer's signature onto a new set of account transfer forms after discovering an error on the previously-signed blank set of forms. Shepard did not obtain authorization from the customer or the customer's updated signature.

Finally, in at least five instances, as a result of delays in the filling out and processing of documents that customers had signed and dated in blank, the forms became outdated. Instead of requesting that customers sign and date new forms, Shepard used Wite-Out to alter and falsify the dates on the forms.

By filling in blank information and altering previously signed customer documents, Shepard violated FINRA Rule 2010. In addition, Shepard also separately violated FINRA Rules 4511 and 2010 by causing LSF to maintain inaccurate books and records.

Number of falsifications: At least 79

Length of suspension: 3 months

Fine Amount: \$5,000

FINRA Case #2021072841801

Details: From December 2018 to May 2021, Reynard falsified 171 forms associated with money movements from seven customer accounts. Reynard directed the customers to sign blank or incomplete forms, but neither Reynard nor the customers completed or submitted the forms at the time Reynard obtained their signatures. Instead, Reynard maintained the blank, signed forms, which she later photo OS Received 01/29/2026

forms authorized approximately \$23,000 in money movements from five customer accounts. The remaining three falsified forms authorized the establishment of customer profiles facilitating money movements from two customer accounts: two forms established Automated Clearing House (ACH) profiles for a customer, and one form was a standing letter of authorization for another customer. By falsifying forms associated with money movements from customer accounts, Reynard violated FINRA Rule 2010. In addition, Reynard violated FINRA Rules 4511 and 2010 by causing Raymond James to maintain inaccurate books and records.

Number of falsifications: 171

Length of suspension: 5 months

Fine Amount: \$5,000

FINRA Case #2020068854701

Details: From July 2015 through March 2020, Ridenour placed 435 trades in accounts that were covered by the agreement using a representative code other than the one he should have used pursuant to his agreement with the retired representative. Specifically, although Morgan Stanley's system correctly prepopulated the trades with a joint representative code Ridenour shared with the retired representative, Ridenour entered the transactions under different representative codes through which he received a higher percentage of commissions than what he was entitled to receive pursuant to the agreement. Ridenour negligently failed to verify whether certain of the 435 transactions were subject to the agreement. Additionally, Ridenour mistakenly assumed that other transactions were not subject to the agreement because they pertained to accounts opened after Ridenour executed the agreement with the retired representative. However, Ridenour did not do anything to confirm his understanding, such as speaking with the retired representative or Morgan Stanley.

As a result, Ridenour's actions caused Morgan Stanley's trade confirmations for the 435 trades to inaccurately reflect Ridenour's personal representative code or another representative code instead of the joint representative code that Ridenour shared with the retired representative. Ridenour's actions resulted in his receiving higher commissions from the 435 trades than what he was entitled to receive pursuant to

the agreement. In December 2020, Morgan Stanley paid restitution to the retired representative. Ridenour reimbursed the firm a total of approximately \$33,714, which is the approximate amount of additional commissions that Ridenour received as a result of falsifying the representative code on the trades. By falsifying the representative code on the 435 trades, Ridenour violated FINRA Rule 2010. In addition, Ridenour violated FINRA Rules 4511 and 2010 by causing Morgan Stanley to maintain inaccurate trade confirmations.

Number of falsifications: 435

Length of suspension: 3 months

Fine Amount: \$5,000

Monetary Gain: \$33,714

FINRA Case #2021070477901

Details: In March 2014, Garapedian and other registered representatives working from the same branch office entered into an agreement through which they agreed to service certain customer accounts, including executing trades for those accounts, under a joint representative code (also known as joint production number) that they shared with the estate of a retired representative. The agreement set forth what percentages of the commissions the estate of the retired representative, Garapedian, and the other representatives earned on trades placed using the joint representative code.

From July 2014 through November 2016, Garapedian directed a junior registered representative on his team to place trades in accounts that were covered by the agreement using different joint representative codes than the one Garapedian should have used pursuant to his agreement with the estate of the retired representative. Specifically, although Morgan Stanley's system correctly prepopulated the trades with a joint representative code Garapedian shared with the estate of the retired representative, Garapedian directed the junior registered representative to enter 417 transactions under different joint representative codes through which Garapedian received a higher percentage of commissions than what he was entitled to receive pursuant to the agreement. 2 Garapedian mistakenly assumed that he had permission to change the representative code in a manner to equalize commissions earned by him and the other registered

representatives across accounts serviced by the branch office, including those covered by the joint production agreement. However, Garapedian had not verified that the estate of the retired representative agreed that Garapedian could change the representative code for the transactions at issue.

As a result, Garapedian's actions caused Morgan Stanley's trade confirmations for the 417 trades to inaccurately reflect another joint representative code instead of the joint representative code that Garapedian shared with the estate of the retired representative. Garapedian's actions resulted in his receiving higher commissions and the retired representative's estate receiving less commissions from the 417 trades than what each was entitled to receive pursuant to the agreement. In January 2021, Morgan Stanley paid restitution of approximately \$8,000 to the estate of the retired representative, which is the approximate amount of additional commissions Garapedian received as a result of changing the representative code on the 417 trades.

By falsifying the representative code on the 417 trades, Garapedian violated FINRA Rule 2010. In addition, Garapedian violated FINRA Rules 4511 and 2010 by causing Morgan Stanley to maintain inaccurate trade confirmations.

Number of falsifications: 417

Length of suspension: 3 months

Fine Amount: \$5,000

Monetary Gain: \$8,000

FINRA Case #2018058614401

Details: In approximately October 2012, Brendza entered into an agreement through which he agreed to service certain customer accounts, including executing trades for those accounts, under a joint representative code (also known as a joint production number) that he shared with a representative who was planning on retiring in several years (Representative 1) and an active representative who was part of Brendza's team and who is an immediate family member of Brendza (Representative 2). The agreement set forth what percentages of the commissions each representative would earn on trades placed using the applicable joint representative code. In February 2014, the parties amended the agreement in writing to provide Representative 2 with higher percentages of commissions earned for trades placed

using the joint representative code than what was set forth in the original agreement.

From March 2015 through February 2018, Brendza placed 762 trades in accounts that were covered by the amended agreement using a representative code other than the one he should have used pursuant to the amended agreement. Specifically, although the firm's system correctly prepopulated the trades with the applicable joint representative code, Brendza changed the code for the trades to a different joint representative code that he shared only with Representative 2. As a result of Brendza's actions, Brendza and Representative 2 received higher commissions from the 762 trades than what they were entitled to receive pursuant to the amended agreement with Representative 1. Brendza did not ask Representative 1 whether he could change the code on the 762 trades at issue and did not otherwise indicate to him that he was doing so. Brendza mistakenly believed that Representative 1 had agreed that he could change the representative code so that Brendza and Representative 2 would receive even higher percentages of commissions than what was set forth in the amended agreement. In fact, Representative 1 had not agreed that Brendza could change the representative code. The firm's trade confirmations for the 762 trades inaccurately reflected the representative code that Brendza shared with Representative 2 alone.

In September 2018, Morgan Stanley paid restitution to Representative 1. Brendza, together with Representative 2, reimbursed the firm a total of approximately \$275,000, which is the approximate amount of additional commissions that they received from the 1,142 trades as a result of Brendza and Representative 2 falsifying the representative code on the trades.

By falsifying the representative code on the 762 trades, Brendza violated FINRA Rule 2010. In addition, Brendza violated FINRA Rules 4511 and 2010 by causing Morgan Stanley to maintain inaccurate trade confirmations.

Number of falsifications: 762

Length of suspension: 6 months

Fine Amount: \$5,000

Monetary Gain: \$275,000 split between two representatives

FINRA Case #2020067608101

OS Received 01/29/2026

Details: In November 2014 Tirana entered into an agreement through which he agreed to service certain customer accounts, including executing trades for those accounts, under a joint representative code (also known as joint production number) that he shared with a retired representative. The agreement set forth what percentages of the commissions Tirana and the retired representative earned on trades placed using the joint representative code.

From December 2014 through March 2018, Tirana placed 400 trades in accounts that were covered by his agreement with the retired representative using a representative code other than the one he should have used pursuant to the agreement. Specifically, although Morgan Stanleys's system correctly prepopulated the trades with a joint representative code Tirana shared with the retired representative, Tirana entered the transactions under his personal representative code through which he received a higher percentage of commissions than what he was entitled to receive pursuant to the agreement. Tirana mistakenly believed the retired representative had agreed that he could change the representative code so that Tirana would receive higher percentages of commission, in order to increase compensation Tirana paid to support staff servicing the customer accounts subject to the agreement. However, Tirana neglectfully failed to verify whether the retired representative had agreed that Tirana could change the representative code in this manner.

As a result, Tirana's actions caused Morgan Stanley's trade confirmations for the 400 trades to inaccurately reflect Tirana's personal representative code instead of the joint representative code that Tirana shared with the retired representative. Tirana's actions resulted in his receiving higher commissions from the 400 trades than what he was entitled to receive pursuant to the agreement. In December 2020, Morgan Stanley paid restitution of approximately \$24,000 to the retired representative, which is the approximate amount of additional commissions Tirana received as a result of changing the representative code on the 400 trades.

By falsifying the representative code on the 400 trades, Tirana violated FINRA Rule 2010. In addition, Tirana violated FINRA Rules 4511 and 2010 by causing Morgan Stanley to maintain inaccurate trade confirmations.

Number of falsifications: 400

Length of Response: 01/29/2026

Fine Amount: \$5,000

Monetary Gain: \$24,000

FINRA Case #2020068689201

Details: In January 2013, Brettler entered into an agreement through which he agreed to service certain customer accounts, including executing trades for those accounts, under a joint representative code (also known as joint production number) that he shared with the estate of a retired representative. The agreement set forth what percentages of the commissions Brettler and the estate of the retired representative earned on trades placed using the joint representative code.

From January 2014 through January 2018, Brettler placed 444 trades in accounts that were covered by the agreement using his own personal representative code. Specifically, although Morgan Stanley's system correctly prepopulated the trades with a joint representative code Brettler shared with the estate of the retired representative, Brettler entered the transactions under his personal representative code. Brettler failed to verify whether the 444 transactions at issue were subject to the joint production agreement. Additionally, Brettler did not ask the estate of the retired representative whether he could change the code on the 444 trades at issue.

As a result, Morgan Stanley's trade confirmations for the 444 trades inaccurately reflected Brettler's personal representative code instead of the joint representative code that Brettler shared with the estate of the retired representative. Brettler's actions resulted in his receiving higher commissions from the 444 trades than what he was entitled to receive pursuant to the agreement. In January 2021, Morgan Stanley paid restitution to the estate of the retired representative. Brettler reimbursed the firm a total of approximately \$76,577, which is the approximate amount of additional commissions that Brettler received as a result of changing the representative code on the trades.

By falsifying the representative code on the 444 trades, Brettler violated FINRA Rule 2010. In addition, Brettler violated FINRA Rules 4511 and 2010 by causing Morgan Stanley to maintain inaccurate trade confirmations.

Number of falsifications: 444

Length of Response: 01/29/2026

Fine Amount: \$5,000

Monetary Gain: \$76,577

FINRA Case #2020068820401

Details: In July 2016, Prince entered into an agreement through which he agreed to service certain customer accounts, including executing trades for those accounts, under a joint representative code (also known as joint production number) that he shared with a retired representative. The agreement set forth what percentages of the commissions Prince and the retired representative earned on trades placed using the joint representative code.

From August 2016 through February 2020, Prince placed 586 trades in accounts that were covered by the agreement using a representative code other than the one he should have used. Specifically, although Morgan Stanley's system correctly prepopulated the trades with the joint representative code Prince shared with the retired representative pursuant to the joint production agreement, Prince entered the transactions under a different representative code that he shared with the retired representative. As a result, Morgan Stanley's trade confirmations for the trades reflected an inaccurate representative code, and Prince received a higher percentage of commissions than what he was entitled to receive pursuant to the joint production agreement.

Prince mistakenly believed that the retired representative had previously agreed that he could change the representative codes so that Prince would receive higher percentages of commissions than what was set forth in the agreement. However, Prince did not do anything to confirm his understanding, such as asking the retired representative whether he could change the representative codes on the 586 trades at issue or speaking with Morgan Stanley.

In December 2020, Morgan Stanley paid restitution of approximately \$17,000 to the retired representative, which is the approximate amount of additional commissions that should have been credited to the retired representative if Prince had not changed the representative code on the 586 trades.

By falsifying the representative code on the 586 trades, Prince violated FINRA Rule 2010. In addition, Prince violated FINRA Rules 4511 and 2010 by causing Morgan Stanley to maintain inaccurate trade

Number of falsifications: 586

Length of suspension: 3 months

Fine Amount: \$5,000

Monetary Gain: \$17,000

FINRA Case #2022076586001

Details: Between June 2021 and September 2022, Aggarwal mismarked 163 discretionary trades as unsolicited,” causing Morgan Stanley to maintain inaccurate books and records.

A registered representative who causes his or her firm to fail to comply with this recordkeeping obligation violates FINRA Rule 4511. A violation of FINRA Rule 4511 is also a violation of FINRA Rule 2010.

Number of falsifications: 163

Length of suspension: 2 months

Fine Amount: \$7,500

FINRA Case #2023079974701

Details: Between September 2020 and August 2021, Leininger mismarked 291 order tickets as unsolicited when he had solicited the trades. Leininger's mismarking of these order tickets caused The Investment Center to make and preserve inaccurate books and records with respect to these trades in violation of Section 17(a) of the Exchange Act and Rule 17a-3 thereunder.

Therefore, Leininger violated FINRA Rules 4511 and 2010.

Number of falsifications: 291

Length of suspension: 2 months

Fine Amount: \$5,000

FINRA Case #2023079976201

Details: Between September 2020 and August 2021, Clayton mismarked 625 order tickets as unsolicited

when he had solicited the trades. Clayton's mismarking of these order tickets caused The Investment Center to make and preserve inaccurate books and records with respect to these trades in violation of Section 17(a) of the Exchange Act and Rule 17a-3 thereunder.

Therefore, Clayton violated FINRA Rules 4511 and 2010.

Number of falsifications: 625

Length of suspension: 3 months

Fine Amount: \$5,000

FINRA Case #2021069200301

Details: In June 2016, Mac Lean entered into an agreement through which he and another representative working from the same branch office agreed to service certain customer accounts, including executing trades for those accounts, under a joint representative code (also known as joint production number) that they shared with a retired representative. The agreement set forth what percentages of the commissions MacLean, the other representative, and the retired representative earned on trades placed using the joint representative code.

From October 2016 through April 2020, MacLean placed 366 trades in accounts that were covered by the agreement using a representative code other than the one he should have used. Specifically, although Morgan Stanley's system prepopulated the trades with the applicable joint representative code, MacLean changed the code for the 366 trades to a different representative code that he shared only with the other representative. MacLean changed the codes because he mistakenly believed that his agreement with the retired representative did not apply to new assets added to accounts subject to the agreement. The firm's trade confirmations for the 366 trades inaccurately reflected the representative code that MacLean shared only with the other active representative.

MacLean's actions resulted in his receiving higher commissions from the 366 trades than what he was entitled to receive pursuant to the agreement. In November 2021, Morgan Stanley reimbursed the retired representative.

By causing Morgan Stanley to maintain inaccurate trade confirmations, MacLean violated FINRA Rules

Number of falsifications: 366

Length of suspension: 45-calendar days

Fine Amount: \$5,000

FINRA Case #2020068810101

Details: In April 2013, Parkhurst entered into an agreement through which he and another representative working from the same branch office agreed to service certain customer accounts, including executing trades for those accounts, under a joint representative code (also known as joint production number) that they shared with a retired representative. The agreement set forth what percentages of the commissions Parkhurst, the other representative, and the retired representative earned on trades placed using the joint representative code.

From May 2013 through April 2018, Parkhurst placed 311 trades in accounts that were covered by the agreement using a representative code other than the one he should have used. Specifically, although Morgan Stanley's system correctly prepopulated the trades with the applicable joint representative code, Parkhurst changed the code for the 311 trades to a different representative code that he shared only with the other representative. Parkhurst changed the codes because he mistakenly believed that his agreement with the retired representative did not apply to new assets added to accounts subject to the agreement. The firm's trade confirmations for the 311 trades inaccurately reflected the representative code that Parkhurst shared only with the other active representative.

Parkhurst's actions resulted in his receiving higher commissions from the 311 trades than what he was entitled to receive pursuant to the agreement. In December 2020, Morgan Stanley paid restitution to the retired representative and Parkhurst reimbursed the firm \$70,617, which was the approximate amount of additional commissions that he received as a result of his changing the representative code on the trades. By causing Morgan Stanley to maintain inaccurate trade confirmations, Parkhurst violated FINRA Rules 4511 and 2010.

Number of falsifications: 311

Length of suspension: 1 month

Fine Amount: \$5,000

Monetary Received: \$70,617/29/2026

FINRA Case #2021070570001

Details: In September 2017, Vatterott entered into an agreement through which he agreed to service certain customer accounts, including executing trades for those accounts, under a joint representative code (also known as joint production number) that he shared with the estate of a former representative. The agreement set forth what percentages of the commissions Vatterott and the former representative's estate earned on trades placed using the joint representative code.

From October 2017 through February 2021, Vatterott placed 558 trades in accounts that were covered by the agreement using a representative code other than the one he should have used. Specifically, although Morgan Stanley's system correctly prepopulated the trades with the joint representative code Vatterott shared with the representative's estate pursuant to the joint production agreement, Vatterott entered the transactions under a different representative code. As a result, Morgan Stanley's trade confirmations for the 558 trades reflected an inaccurate representative code, and Vatterott received a higher percentage of commissions than what he was entitled to receive pursuant to the joint production agreement.

Vatterott changed the codes because he mistakenly believed that the joint production agreement did not apply to new assets added to accounts subject to the agreement and that he was authorized to enter the 558 trades using the other representative code. However, Vatterott did not do anything to confirm his understanding, such as asking the estate whether he could change the representative codes on the 558 trades at issue or speaking with Morgan Stanley to verify whether the transactions at issue were subject to the joint production agreement.

In February 2021, Morgan Stanley paid restitution to the representative's estate. Vatterott reimbursed the firm a total of approximately \$87,500, which is the approximate amount of additional commissions that Vatterott received as a result of changing the representative code on the trades.

By falsifying the representative code on the 558 trades, Vatterott violated FINRA Rule 2010. In addition, Vatterott violated FINRA Rules 4511 and 2010 by causing Morgan Stanley to maintain inaccurate trade

Number of falsifications: 558

Length of suspension: 6 months

Fine Amount: \$5,000

Monetary Gain: \$87,500

FINRA Case #2020068810001

Details: In April 2013, Galindo entered into an agreement through which he and another representative working from the same branch office agreed to service certain customer accounts, including executing trades for those accounts, under a joint representative code (also known as joint production number) that they shared with a retired representative. The agreement set forth what percentages of the commissions Galindo, the other representative, and the retired representative earned on trades placed using the joint representative code.

From May 2013 through April 2018, Galindo placed 248 trades in accounts that were covered by the agreement using a representative code other than the one he should have used. Specifically, although Morgan Stanley's system correctly prepopulated the trades with the applicable joint representative code, Galindo changed the code for the 248 trades to a different representative code that he shared only with the other representative. Galindo changed the codes because he mistakenly believed that his agreement with the retired representative did not apply to new assets added to accounts subject to the agreement. The firm's trade confirmations for the 248 trades inaccurately reflected the representative code that Galindo shared only with the other active representative.

Galindo's actions resulted in his receiving higher commissions from the 248 trades than what he was entitled to receive pursuant to the agreement. In December 2020, Morgan Stanley paid restitution to the retired representative and Galindo reimbursed the firm \$38,216, which was the approximate amount of additional commissions that he received as a result of his changing the representative code on the trades. By causing Morgan Stanley to maintain inaccurate trade confirmations, Galindo violated FINRA Rules 4511 and 2010.

Number of falsifications: 558

Length of Suspension: 6 months

OS/Respsvd 01/29/2026

Fine Amount: \$5,000

Monetary Gain: \$38,216

FINRA Case #2022077093901

Details: From February 2018 through January 2022, Layman electronically signed the names of 65 customers on a total of 121 account documents, two of whose names were signed on two documents without the customers' prior permission. The account documents, which included new account applications, money transfer forms, account transfer forms, and certifications of trust, were required books and records of the firm. All of the transactions were authorized and none of the customers complained. Layman also falsely attested in three annual compliance questionnaires that he had not signed or affixed another person's signature on a document. By forging and/or falsifying customer signatures, Layman violated FINRA Rule 2010.

Number of falsifications: 121

Length of suspension: 4 months

Fine Amount: \$5,000

b. Suggestion of bias as it relates to FINRA sanctions

Respondent takes exceptions to the OHO's suggestion that he should be treated more harshly because he was in a compliance role during the alleged violations, as well as the NAC's decision to not consider this in its decision.

In its decision dated October 28, 2024, the OHO stated "**Finally, and most importantly, none of the settled cases cited by Centeno involved misconduct in a supervisory or compliance oversight capacity.** Some of the respondents in the cited cases were registered representatives who marked order tickets as unsolicited when they were solicited. Other respondents falsified representative codes to direct commissions to the respondents to which they were not entitled. Sometimes these respondents engaged in the misconduct based on a **OS Received 01/29/2026** agreement entitled them to a larger share of the commissions. A few

respondents filled in blank forms that had been signed in advance by customers, at least sometimes with the customers' authorization. One respondent electronically signed documents for customers, usually with authorization."

This implies that the OHO administers sanctions not only based on the infractions, but that it will be more lenient if the infractions were committed by a registered representative who did not work in a compliance capacity. The hearing officer, after implying that compliance professionals should receive harsher punishments, then proceeds to legitimize why other registered representatives may have falsified documents. The NAC did not address this in its decision dated September 30, 2025.

Respondent argues that he has received an unusually harsh punishment.

Jose L. Centeno

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

UNITED STATES OF AMERICA SECURITIES AND EXCHANGE COMMISSION

<p>In the Matter of the Application of JOSE L. CENTENO, For Review of Adverse Action Taken By FINRA</p>	<p>SENSITIVE PERSONAL INFORMATION CERTIFICATION</p>
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I hereby certify, on January 28, 2026, that all Sensitive and Personal Information has been excluded from this brief, and excluded from any corresponding exhibits.

Respectfully submitted,

[REDACTED]

Name: Jose L. Centeno

[REDACTED]
[REDACTED]
[REDACTED]

Jose L. Centeno

[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED]

UNITED STATES OF AMERICA SECURITIES AND EXCHANGE COMMISSION

<p>In the Matter of the Application of JOSE L. CENTENO, For Review of Adverse Action Taken By FINRA</p>	<p>CERTIFICATE OF SERVICE</p>
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I hereby certify that on January 28, 2026, a true and correct copy of this filing was delivered electronically to:

Ashley Martin
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and

Nac.casefilings@finra.org

Respectfully submitted,

[REDACTED]

[REDACTED]