



U.S. COMMODITY FUTURES TRADING COMMISSION

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Office of Proceedings

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12:18 pm, Jan 31, 2025

In the Matter of

CTAX Partners, LLC,

Registrant.

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CFTC Docket No. SD 24-03

Served electronically

INITIAL DECISION ON DEFAULT

Before: Kavita Kumar Puri, Administrative Judge
Commodity Futures Trading Commission
Washington, D.C.

Appearances: Christopher A. Reed, Esq., Deputy Regional Counsel
Commodity Futures Trading Commission
Division of Enforcement
2600 Grand Boulevard, Suite 210
Kansas City, MO 64108

On August 16, 2024, the Commission issued a Notice of Intent to Revoke the Registration of CTAX Partners, LLC—a CFTC-registered introducing broker that is controlled by Purvesh Mankad who serves as the principal and associated person for both CTAX Partners and CFTC-registered commodity pool operator, CTAX Series, LLC. This Notice of Intent was prompted by a Consent Order issued to settle charges alleged in a Commission action against Mankad and CTAX Partners, *CFTC v. Mankad*, 2022 WL 17752224 (D. Ariz. Oct. 19, 2022), that makes them subject to statutory disqualification from Commission registration.

By Motion dated November 22, 2024, the Commission's Division of Enforcement moved for entry of default judgment against CTAX Partners for failure of Mankad and it to respond to the Notices of Intent to Revoke their registrations, issued by the Commission on August 16, 2024.¹ As a result of their default, CTAX Partners and Mankad have waived their right to a hearing on all issues and precluded from introducing evidence to rebut that CTAX Partners' IB registration be revoked created by the findings of fact and conclusions of law found in the Division's Motion for Default Judgment, and the Consent Order. The well-plead allegations in the Commission's Notice—as augmented by the evidence in proposed findings of fact and conclusions of law in the Division's Motion for Default Judgment—are deemed true and conclusive for purposes of finding that CTAX Partners and Mankad are statutorily disqualified from registration under Sections 8a(2)(C)(i), (ii), (E)(i), and (H) of the Act, 7 U.S.C. § 12(a)(2)(C)(i), (ii), (E)(i), and (H).

Accordingly, as explained below, the Division's Motion for Default Judgment is granted, CTAX Partners and Mankad have been found to be unfit for registration and statutorily disqualified from registration, and their registrations have been revoked.

I. Findings of Fact

1. CTAX Partners is a CFTC-registered IB and Delaware LLC.

¹ On November 12, 2024, this Office issued a Default Notice informing CTAX Partners that it was in default of its obligation to file a response in these proceedings. That Default Notice is included in this Initial Decision on Default as Appendix A and familiarity with it and the facts discussed therein is assumed.

2. CTAX Partners' address listed with the NFA is 1901 Avenue of the Stars, Suite 1900, Los Angeles, CA 90067.

3. Mankad is the principal, majority owner, control person, and CFTC-registered AP of registered IB CTAX Partners.

4. On October 8, 2021, the Commission filed an action against Mankad, CTAX Partners, and CTAX Series, an affiliated CFTC-registered commodity pool operator. The Commission's Complaint alleged, *inter alia*, that Mankad, CTAX Partners, and CTAX Series fraudulently solicited approximately \$2.4 million from pool participants and subsequently engaged in conduct resulting in near-total losses to pool participants; as well as that CTAX Series and Mankad falsified documents to conceal their misconduct from the NFA.

5. On October 19, 2022, the Court entered the Consent Order to effect settlement of all charges alleged in the Complaint against Mankad, CTAX Partners, and CTAX Series without a complete trial on the merits or any further judicial proceedings. CTAX Partners and Mankad consented to the Consent Order. The Court found and concluded that Mankad CTAX Series, and CTAX Partners violated multiple antifraud provisions of the Act by adopting the parties' agreed findings of fact and conclusions of law in the Consent Order (finding CTAX Partners, CTAX Series, and Mankad violated Sections 4b(a)(1)(A) and (C), 7 U.S.C. §§ 6b(a)(1)(A) and (C), and that CTAX Series and Mankad additionally violated Sections 4a(1)(A)-(B), and 9(a)(4) of the Act, 6a(1)(A)-(B), 13(a)(4)).

6. The Consent Order notes that CTAX Partners consented “to the use of the findings and conclusions in this Consent Order in this proceeding and in any other proceeding brought by the Commission or to which the Commission is a party or claimant, and agrees that they shall be taken as true and correct and be given preclusive effect therein, without further proof,” and did not consent to the use of the consent order as the sole basis for another proceeding “other than a statutory disqualification proceeding” and several other proceedings not relevant here. Consent Order, Ex. 2 at p.4. Thus, among other things, CTAX Partners consented to the use of the conclusions of law, by the Commission in a statutory disqualification proceeding, that it violated Sections 4b(a)(1)(A) and (C) of the Act.

7. The Consent Order permanently restrained, enjoined, and prohibited CTAX Partners and Mankad from, among other things, directly or indirectly “applying for registration or claiming exemption from registration with the CFTC in any capacity, and engaging in any activity requiring such registration or exemption from registration with the CFTC except as provided for in Regulation 4.14(a)(9), 17 C.F.R. § 4.14(a)(9)” Consent Order, Ex. 2 at p. 19. It also enjoined Mankad from continuing to engage in fraud, including by misappropriating funds, in violation of Sections 4b(a)(1)(A) and (C) of the Act. Consent Order, Ex. 2 at p. 18.

8. The Commission filed the Notice of Intent to Revoke the Registration of CTAX Partners on August 16, 2024.

9. On August 16, 2024, the Commission’s Office of Proceedings served the Notice on CTAX Partners at its address listed with the NFA, 1901 Avenue of the

Stars, Suite 1900, Los Angeles, CA 90067 by USPS Certified Mail in accordance with Regulation 3.50(a), 17 C.F.R. § 3.50(a) (2024), and its email address at Management@CTAXPartners.com. Both of which were accompanied by a cover letter instructing CTAX Partners about the process along with the hyperlinks to the Commission's Part 3 and 10 Rules.

10. Commission Regulation 3.30(a), 17 C.F.R. § 3.30(a) (2024), provides, in relevant part, that the address of each registrant as identified on its application for registration (Form 7-R or Form 8-R) or as submitted on its biographical supplement (Form 8-R) shall be deemed to be the address for delivery to the registrant for any communications from the Commission, including any summons, complaint, notice, or other written documents or correspondence, unless the registrant specifies another address for this purpose.

11. Mankad never responded to the Notice of Revocation.

12. Mankad made no appearance in these proceedings except to note, after the Division of Enforcement had filed his Motion for Default Judgment, that he would be withdrawing his registration from NFA and would email this Office once that process was complete.

13. Mankad and CTAX Partners made no further attempts to communicate with this Office to confirm that he withdrew their registrations or otherwise.

14. Further, Mankad and CTAX Partners made no objections to the entry of Default Judgment against them.

II. Discussion and Conclusions of Law

12. Pursuant to Sections 8a(2)(C)(i) and (ii) of the Act, 7 U.S.C. § 12a(2)(C)(i), (ii), the Commission may revoke the registration of any person who has been permanently enjoined by order of a court of competent jurisdiction, including an order entered pursuant to an agreement of settlement to which the Commission is a party, from certain enumerated activities, including but not limited to acting as an IB or an AP of any registrant under the Act and engaging in or continuing any activity when such activity involves, among other things, fraud or misappropriation of funds.

13. Pursuant to Section 8a(2)(E)(i) of the Act, 7 U.S.C. § 12a(2)(E)(i), the Commission may revoke the registration of any person if such person has been found in a proceeding brought by the Commission to have violated any provision of the Act involving, among other things, fraud or misappropriation of funds.

14. Pursuant to Section 8a(2)(H), 7 U.S.C. § 12(a)(2)(H), of the Act, the Commission may revoke the registration of any person if revocation of the registration of any principal of such person is warranted pursuant to Section 8a(2) of the Act. Section 8a(2)(H) of the Act further provides that “principal,” as used in Section 8a(2) of the Act, includes, if the person is a corporation, any officer, director, or beneficial owner of at least 10 percent of the voting shares of the corporation, and any other person that the Commission by rule, regulation or order determines has the power, directly or indirectly, through agreement or otherwise, to exercise a controlling influence over the activities of such person.

15. Accordingly, because: (1) CTAX Partners was found in a proceeding brought by the Commission to have violated provisions of the Act involving, among other things, fraud and misappropriation, and (2) it was permanently enjoined by order of a court of competent jurisdiction from acting as an IB and continuing to engage in fraud or misappropriation; and (3) Mankad acted as CTAX Partners' principal and revocation of Mankad's registration is warranted pursuant to Section 8a(2) of the Act, there is a basis for CTAX Partners' registration to be revoked pursuant to Sections 8a(2)(C)(i) and (ii), (E)(i), and (H) of the Act, 7 U.S.C. § 12(a)(2)(C)(i), (ii), (E)(i), and (H).

The facts set forth above constitute a valid basis for the Commission to revoke CTAX Partners' registration as an IB pursuant to Sections 8a(2)(C)(i), (ii), (E)(i), and (H) of the Act.

ORDER

CTAX Partners is statutorily disqualified from registration under Sections 8a(2)(C)(i), (ii), (E)(i), and (H) of the Act, 7 U.S.C. § 12(a)(2)(C)(i), (ii), (E)(i), and (H). Accordingly: (1) the Division's Motion for Entry of Default Judgment is **GRANTED**; (2) CTAX Partners has waived its right to a hearing on all issues, and the allegations in the Notice, Proposed Findings of Fact, and Proposed Conclusions of Law are deemed true and conclusive; and (3) the IB registration of CTAX Partners is revoked.

Dated: January 31, 2025

/s/ Kavita Kumar Puri
Kavita Kumar Puri
Administrative Judge