



U.S. COMMODITY FUTURES TRADING COMMISSION

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12:18 pm, Jan 31, 2025

In the Matter of

CTAX Series, LLC,

Registrant.

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CFTC Docket No. SD 24-04

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 Series, LLC—a CFTC-registered commodity pool operator that is controlled by Purvesh Mankad who serves as the principal and associated person both CTAX Series and CFTC-registered introducing broker CTAX Partners, LLC. This Notice of Intent was prompted by a Consent Order issued to settle charges alleged in a Commission action against Mankad and CTAX Series, *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 Series 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 Series and Mankad have waived their right to a hearing on all issues and precluded from introducing evidence to rebut that CTAX Series CPO 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 Series 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 Series 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been found to be unfit for registration and statutorily disqualified from registration, and their registrations have been revoked.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 Series is a CFTC-registered CPO and Delaware LLC.

¹ On November 12, 2024, this Office issued a Default Notice informing CTAX Series 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 Series's 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 CPO CTAX Series.

4. On October 8, 2021, the Commission filed an action against Mankad, CTAX Series, and CTAX Partners, LLC, an affiliated CFTC-registered introducing broker. 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 chargers alleged in the Complaint against Mankad, CTAX Partners, and CTAX Series without a complete trial on the merits or any further judicial proceedings. CTAX Series 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 (Sections 4b(a)(1)(A) and (C), 4c(1)(A)-(B), and 9(a)(4) of the Act, 7 U.S.C. §§ 6b(a)(1)(A), (C), 6c(1)(A)-(B), 13(a)(4)) by adopting the parties' agreed findings of fact and conclusions of law in the Consent Order.

6. The Consent Order notes that CTAX Series 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 Series 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), 4c(1)(A)-(B), and 9(a)(4) of the Act.

7. The Consent Order permanently restrained, enjoined, and prohibited CTAX Series 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 CTAX Series and Mankad from continuing to engage in fraud, including by misappropriating funds, in violation of Sections 4b(a)(1)(A) and (C), 4c(1)(A)-(B) of the Act. Consent Order, Ex. 2 at p. 18.

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

9. On August 16, 2024, the Commission’s Office of Proceedings served the Notice on CTAX Series 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 addresses at PMankad@CTAXPartners.com, RHodyno@CTAXPartners.com, and JSiegel@CTAXPartners.com. All of which were accompanied by a cover letter instructing CTAX Series 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 Series made no further attempts to communicate with this Office to confirm that he withdrew their registrations or otherwise.

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

II. Discussion and Conclusions of Law

12. Pursuant to Section 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 Series 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 a CPO and continuing to engage in fraud or misappropriation; and (3) Mankad acted as CTAX Series' principal and revocation of Mankad's registration is warranted pursuant to Section 8a(2) of the Act, there is a basis for CTAX Series' 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 Series' registration as a CPO pursuant to Sections 8a(2)(C)(i), (ii), (E)(i), and (H) of the Act.

ORDER

CTAX Series 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 Series 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 CPO registration of CTAX Series is revoked.

Dated: January 31, 2025

/s/ Kavita Kumar Puri
Kavita Kumar Puri
Administrative Judge