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**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF ARIZONA**

United States Commodity Futures Trading
Commission,

Plaintiff,

v.

Purvesh Mankad, et al.,

Defendants.

No. CV-21-01719-PHX-DJH

CONSENT ORDER

Pending before the Court is Plaintiff Commodity Futures Trading Commission’s (“Commission”) Motion for Entry of Consent Order for Permanent Injunction, Civil Monetary Penalties, and Other Equitable Relief Against Defendants Purvesh Mankad, CTAX Partners, LLC, and CTAX Series, LLC (“Consent Order”). (Doc. 31). In support of its Motion, the Commission makes the following representations:

1. The Commission has conferred with each Defendant, each of whom agrees to the filing of this motion.
2. The Commission and each Defendant have signed the proposed Consent Order.
3. On October 8, 2021, the Commission filed a Complaint for Injunctive Relief, Civil Monetary Penalties, Restitution, Disgorgement, and Other Equitable Relief against Defendants alleging violations of certain provisions of the Commodity Exchange Act, 7 U.S.C. §§ 1 et seq.
4. The proposed Consent Order, if approved by the Court, resolves all aspects of the Commission’s case against all Defendants.

1 (*Id.* at 1–2).

2 Finding good cause, the Court will adopt the parties’ proposed Consent Order.
3 (Doc. 31-1).

4 **I. INTRODUCTION**

5 On October 8, 2021, the Commission filed a Complaint for Injunctive Relief, Civil
6 Monetary Penalties, Restitution, Disgorgement, and Other Equitable Relief against
7 Defendants Purvesh Mankad (“Mankad”), CTAX Partners, LLC (“CTAX Partners”), and
8 CTAX Series, LLC (“CTAX Series,” and together with CTAX Partners, “CTAX,” and
9 together with CTAX Partners and Mankad, “Defendants”) (collectively with the
10 Commission, the “Parties”) alleging violations of certain provisions of the Commodity
11 Exchange Act, 7 U.S.C. §§ 1-26 (the “Act”).

12 **II. CONSENTS AND AGREEMENTS**

13 To effect settlement of all charges alleged in the Complaint against Defendants
14 without a trial on the merits or any further judicial proceedings, Defendants:

15 1. Consent to the entry of this Consent Order for Permanent Injunction, Civil
16 Monetary Penalties, and Other Equitable Relief Against Defendants (“Consent Order”);

17 2. Affirm that they have read and agreed to this Consent Order voluntarily, and
18 that no promise, other than as specifically contained herein, or threat, has been made by
19 the Commission or any member, officer, agent, or representative thereof, or by any other
20 person, to induce consent to this Consent Order;

21 3. Acknowledge service of the summons and Complaint;

22 4. Admit the jurisdiction of this Court over it and the subject matter of this
23 action pursuant to Section 6c of the Act, 7 U.S.C. § 13a-1;

24 5. Admit the jurisdiction of the Commission over the conduct and transactions
25 at issue in this action pursuant to the Act;

26 6. Admit that venue properly lies with this Court pursuant to 7 U.S.C. § 13a-
27 1(e);

28 7. Waive:

- 1 a. Any and all claims that they may possess under the Equal Access to Justice
2 Act, 5 U.S.C. § 504 and 28 U.S.C. § 2412, and/or the rules promulgated by
3 the Commission in conformity therewith, Part 148 of the Commission’s
4 Regulations (“Regulations”), 17 C.F.R. pt. 148 (2021), relating to, or arising
5 from, this action;
- 6 b. Any and all claims that they may possess under the Small Business
7 Regulatory Enforcement Fairness Act of 1996, Pub. L. No. 104-121, tit. II,
8 §§ 201–253, 110 Stat. 847, 857–74 (codified as amended at 28 U.S.C. § 2412
9 and in scattered sections of 5 U.S.C. and 15 U.S.C.), relating to, or arising
10 from, this action;
- 11 c. Any claim of Double Jeopardy based upon the institution of this action or the
12 entry in this action of any order imposing a civil monetary penalty or any
13 other relief, including this Consent Order; and
- 14 d. Any and all rights of appeal from this action;

15 8. Consent to the continued jurisdiction of this Court over them for the purpose
16 of implementing and enforcing the terms and conditions of this Consent Order and for any
17 other purpose relevant to this action, even if any Defendant now or in the future resides
18 outside the jurisdiction of this Court;

19 9. Agree that they will not oppose enforcement of this Consent Order on the
20 ground, if any exists, that it fails to comply with Rule 65(d) of the Federal Rules of Civil
21 Procedure and hereby waive any objection based thereon;

22 10. Agree that neither they nor any of their agents or employees under their
23 authority or control shall take any action or make any public statement denying, directly or
24 indirectly, any allegation in the Complaint or the Findings of Fact or Conclusions of Law
25 in this Consent Order, or creating or tending to create the impression that the Complaint
26 and/or this Consent Order is without a factual basis; provided, however, that nothing in this
27 provision shall affect its: (a) testimonial obligations, or (b) right to take legal positions in
28 other proceedings to which the Commission is not a party. Defendants shall comply with

1 this agreement, and shall undertake all steps necessary to ensure that all of their agents
2 and/or employees under their authority or control understand and comply with this
3 agreement;

4 11. Consent to the entry of this Consent Order without admitting or denying the
5 allegations of the Complaint or any findings or conclusions in this Consent Order, except
6 as to jurisdiction and venue, which they admit;

7 12. Consent to the use of the findings and conclusions in this Consent Order in
8 this proceeding and in any other proceeding brought by the Commission or to which the
9 Commission is a party or claimant, and agree that they shall be taken as true and correct
10 and be given preclusive effect therein, without further proof;

11 13. Do not consent, however, to the use of this Consent Order, or the findings
12 and conclusions herein, as the sole basis for any other proceeding brought by the
13 Commission or to which the Commission is a party, other than a statutory disqualification
14 proceeding; proceeding in bankruptcy or receivership; or proceeding to enforce the terms
15 of this Order;

16 14. Agree to provide immediate notice to this Court and the Commission by
17 certified mail, in the manner required by paragraph 89 of Part VI of this Consent Order, of
18 any bankruptcy proceeding filed by, on behalf of, or against them, whether inside or outside
19 the United States; and

20 15. Agree that no provision of this Consent Order shall in any way limit or impair
21 the ability of any other person or entity to seek any legal or equitable remedy against
22 Defendants in any other proceeding.

23 **III. FINDINGS OF FACT AND CONCLUSIONS OF LAW**

24 16. The Court, being fully advised in the premises, finds that there is good cause
25 for the entry of this Consent Order and that there is no just reason for delay. The Court
26 therefore directs the entry of the following Findings of Fact, Conclusions of Law,
27 permanent injunction and equitable relief pursuant to Section 6c of the Act, 7 U.S.C. § 13a-
28 1, as set forth herein.

1 **THE PARTIES AGREE AND THE COURT HEREBY FINDS:**

2 **A. Findings of Fact**

3 **1. The Parties to this Consent Order**

4 17. Plaintiff **Commodity Futures Trading Commission** is an independent
5 federal regulatory agency that is charged by Congress with administering and enforcing
6 the Act and the Regulations.

7 18. Defendant **Purvesh Mankad**, a California resident, was the principal,
8 control person, and CFTC-registered associated person (“AP”) of CTAX Partners and
9 CTAX Series.

10 19. Defendant **CTAX Series, LLC** is a Delaware limited liability company
11 (“LLC”) based in California and a CFTC-registered commodity pool operator (“CPO”).
12 CTAX Series operated the CTAX Pool and claimed to be exempt from certain regulatory
13 obligations pursuant to Regulation 4.7, 17 C.F.R. § 4.7 (2021).

14 20. Defendant **CTAX Partners, LLC** is a Delaware LLC based in California
15 and a CFTC-registered introducing broker (“IB”). Mankad formed CTAX Partners to,
16 among other things, introduce prospective pool participants to CTAX Series and the CTAX
17 Pool.

18 **2. Summary of Findings of Fact**

19 21. From at least July 25, 2014 through at least March 22, 2019 (“Relevant
20 Period”), Mankad and two entities Mankad controlled—CTAX Partners and CTAX
21 Series—directly and/or through others, fraudulently solicited funds for, misappropriated
22 money from, and/or concealed near-total trading losses in the affiliated, Mankad-controlled
23 CTAX Series 1, LLC commodity pool (“CTAX Pool”).

24
25 **3. Mankad Established CTAX and Partnered with an SEC-Registered
26 Investment Advisor To Solicit Pool Participants for the CTAX Pool.**

27 22. From approximately 2012 through 2014, Mankad established CTAX Series
28 with the intent of operating multiple commodity pools and CTAX Partners to introduce
customers to those pools.

1 23. During this period, Mankad marketed the CTAX Pool as an opportunity for
2 pool participants to access the trading strategies of registered CTAs with a proven track
3 record of performance.

4 24. Separately during this period, Mankad established Investor Services
5 Exchange LLC (“Investor Services”) with the goal of assisting investment advisers in
6 opening their own advisory firms.

7 25. In 2014, through Investor Services and CTAX, Mankad entered into two
8 business ventures with Paul Ohanian (“Ohanian”), an SEC-registered investment adviser
9 with an established client base, and Scottsdale Wealth Planning, Inc. (“Scottsdale
10 Wealth”), Ohanian’s advisory firm. First, Investor Services agreed to provide Scottsdale
11 Wealth \$30,000 in start-up capital and administrative services in exchange for 30% of
12 Scottsdale Wealth’s management fees.

13 26. Second, Ohanian agreed to register as an AP of CTAX Partners, the IB; to
14 assist Mankad in selecting CTAs for the CTAX Pool; and to solicit the initial \$2 million
15 investment in the CTAX Pool from his clients. In exchange, CTAX would pay Ohanian 2
16 percent of the value of Ohanian’s client holdings in the CTAX Pool, as well as 0.5 percent
17 of CTAX Pool assets between \$10 million and \$50 million.

18 27. On approximately July 11, 2014, CTAX Series, by and through Mankad,
19 finalized the CTAX Memorandum. Shortly thereafter, Defendants provided the CTAX
20 Memorandum to prospective pool participants, both directly and through Ohanian.

21 28. Between approximately July through October 2014, 17 pool participants
22 signed the CTAX Memorandum and contributed funds to the CTAX Pool. Sixteen (16)
23 clients (at least 12 of whom reside in Arizona) of Ohanian contributed a total of
24 approximately \$2.15 million.¹ One other pool participant—a personal friend of
25 Mankad’s—contributed \$250,000.

26 ///

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28 ¹ Three of those pool participants (who contributed a total of \$300,000) redeemed
their contributions in 2015 and 2016.

1 **4. Mankad and CTAX Series Represented That Only CTAs Would Trade**
2 **CTAX Pool Funds and Failed To Disclose Mankad’s Unauthorized**
3 **Trading.**

4 29. “Commodity trading advisor” is defined in the Act as an individual or
5 organization that, for compensation or profit, advises others, directly or indirectly, as to the
6 value of or the advisability of trading futures contracts, options on futures, and certain other
7 transactions. Such individuals or organizations must register with the Commission as
8 CTAs or qualify for a registration exemption. Commission Regulations impose extensive
9 requirements on certain CTAs designed to protect CTA customers, including detailed
10 disclosure requirements.

11 30. Mankad was not a CTA. In addition, Mankad had little experience trading
12 futures and options relevant to the CTAX Pool. What little futures trading Mankad had
13 done previously had been limited in scope and volume, was conducted for his personal
14 accounts, and was unsuccessful.

15 31. Mankad’s purported objective in soliciting prospective pool participants was
16 to connect investment advisors and their clients who typically did not trade futures with
17 CTAs who had significant experience and a track record of success.

18 32. Consistent with this purported objective, the overall message the CTAX
19 Memorandum communicated to pool participants was that CTAX Series, through Mankad,
20 would select a talented, experienced team of CTAs to trade CTAX Pool funds to “achieve
21 significant absolute investment returns over the short and long-term” by trading futures.

22 33. Specifically, the CTAX Memorandum represented that only CTAs would
23 trade CTAX Pool funds. For example, the CTAX Memorandum stated that the CTAX
24 Pool was “a fund of commodity trading advisors (‘CTAs’) and, as such, will engage in a
25 diversified investment strategy by investing in various managed accounts . . . guided by
26 such CTAs.” Elsewhere, the CTAX Memorandum told pool participants that Mankad
27 would “employ[] macro discretionary based allocations to CTAs” and that Mankad would
28 employ complex strategies to enable “the dynamic allocation of capital to CTAs.” The

1 CTAX Memorandum made repeated references throughout that CTAX Pool funds would
2 be traded by professionals who were experienced, sophisticated, and talented enough to
3 achieve the significant returns referenced in the CTAX Memorandum. For example, the
4 CTAX Memorandum represented that only a “select group of investment managers” would
5 engage in such trading. Nowhere did the CTAX Memorandum state that any non-CTA—
6 much less Mankad himself, who was an inexperienced and unsuccessful futures trader—
7 would trade pool funds. The CTAX Memorandum also stated that Mankad was
8 accountable to pool participants as a “fiduciary” and was required to exercise “the utmost
9 good faith” in all activities relating to the CTAX Pool. Taken together, based on these
10 representations, no reasonable pool participant would have expected Mankad himself to
11 trade any—much less all—CTAX Pool funds.

12 34. Despite these representations, beginning in 2015, Mankad began trading a
13 portion of CTAX Pool funds, and thereafter extensively—and eventually exclusively—
14 traded CTAX Pool funds. For example, Mankad traded funds totaling approximately 23%
15 of the entire CTAX Pool in 2016, 46% in 2017, 65% by June 2018, and 100% of the CTAX
16 Pool by August 2018. The unauthorized trading by Mankad involved futures in 10-year
17 Treasury notes, silver, and mini silver, among other futures contracts.

18 35. Mankad and CTAX Series did not amend the CTAX Memorandum to
19 authorize and disclose Mankad’s trading.

20
21 **5. Mankad’s Trading Resulted in Losses of Almost All of Pool Participants’**
22 **Contributions.**

23 36. Ohanian repeatedly communicated to Mankad that Mankad was trading
24 recklessly, had not sufficiently hedged his positions in the CTAX Pool, and was thus
25 needlessly exposing the CTAX Pool to a significant risk of loss. For example, on
26 approximately August 11, 2015, Ohanian wrote an email to Mankad suggesting that
27 Mankad consider selling out of certain positions, noting “Pigs get fat Hogs get slaughtered.
28 My concern is always that we have too many positions for the size of the account.”

1 37. On multiple occasions, Mankad ignored Ohanian’s advice and continued his
2 previous trading strategy.

3 38. From July through December 2018, due to Mankad’s trading, the CTAX Pool
4 lost approximately 89% of its value. Approximately all such losses occurred in accounts
5 traded by Mankad, who was the only person trading in the CTAX Pool by August 2018.

6
7 **6. Mankad and CTAX Series Concealed Mankad’s Steep Trading Losses**
8 **from Pool Participants.**

9 39. The CTAX Memorandum represented that each pool participant would
10 “receive[] a monthly . . . account statement” from CTAX’s third-party compliance advisor
11 (“Compliance Advisor”).

12 40. Prior to July 2018, to comply with this requirement, Mankad provided
13 relevant account information to the Compliance Advisor each month, who prepared
14 account statements and sent them to pool participants—each time within approximately
15 one month of the conclusion of the trading reflected in the account statements. For
16 example, March 2018 CTAX Pool account statements were provided to pool participants
17 on May 1, 2018; and April 2018 account statements were provided on May 29, 2018.

18 41. However, from July through December 2018—a period when Mankad’s
19 trading was causing significant losses—Mankad intentionally withheld information that
20 Compliance Advisor needed to prepare and send pool participants monthly account
21 statements.

22 42. In sworn investigative testimony before the Division, Mankad admitted that
23 he withheld this information with the goal of delaying the provision of account statements
24 to pool participants. Mankad admitted he did this to conceal losses from pool participants
25 due to his embarrassment regarding the losses and desire to give himself time to make the
26 money back.

27 43. Because Mankad intentionally withheld this information, pool participants
28 did not receive July 2018 account statements until approximately September 28, 2018; and

1 did not receive August-December 2018 account statements until approximately February
2 25, 2019. These delays violated Defendants’ representation in the CTAX Memorandum
3 that they would provide accurate monthly account statements.

4 44. As a result of these delays, pool participants were prevented from learning
5 of the losses Mankad was causing, timely redeeming their interests in the CTAX Pool, and
6 avoiding further losses as the CTAX Pool’s value collapsed.

7 45. Ohanian learned the approximate extent of the CTAX Pool’s losses, at the
8 latest, when delayed account statements were circulated to pool participants. By
9 approximately December 31, 2018, 13 of the 14 pool participants (Ohanian’s clients) who
10 had not earlier redeemed their interests in the CTAX Pool submitted requests to redeem
11 their interests. The fourteenth (Mankad’s personal friend) did not redeem his interest and
12 lost his entire investment. In total, these pool participants lost at least approximately
13 \$1,969,072.29—over 93% of their contributions.

14 46. In contributing funds and maintaining those contributions, pool participants
15 reasonably and actually relied on the misrepresentations and material omissions described
16 herein.

17
18 **7. Mankad and CTAX Partners Misappropriated CTAX Pool Funds**
19 **Through Extraction of Excessive Commissions, and Mankad and CTAX**
20 **Series Misrepresented That Mankad Would Exercise Good Faith with**
21 **Respect to the CTAX Pool and Failed to Disclose the Misappropriation.**

22 47. The CTAX Memorandum expressly noted Mankad’s fiduciary duties to the
23 CTAX Pool, noting Mankad was “accountable to [pool participants] . . . as a fiduciary and
24 consequently must exercise the utmost good faith and integrity in handling the [CTAX
25 Pool’s] . . . affairs” These provisions were terms of the CTAX Memorandum agreed
26 to by pool participants.

27 48. Despite these duties, Mankad and CTAX Partners (through Mankad)
28 received excessive, unjustified, and unlawful commissions from pool participants for
trades that Mankad executed on behalf of the pool. Specifically, Mankad caused CTAX

1 Series to pay CTAX Partners much higher commissions (for example, \$50 round turn) for
2 trades executed for the CTAX Pool in at least one account traded by Mankad, but much
3 lower commissions (for example, \$20 round turn) for trades by third-party CTAs.
4 Although the CTAX Memorandum disclosed that pool participants would ultimately pay
5 for brokerage commissions and other trading costs, it did not disclose either: (1) that
6 CTAX Partners would charge disproportionately higher commissions on the trades
7 executed by Mankad; or (2) that Mankad had the unilateral discretion to increase the
8 trading costs borne by pool participants by allocating more of the pool's assets to the
9 account he traded. By doing so, Mankad misled pool participants as to the true cost of their
10 investment in the CTAX Pool.²

11 49. In addition, these commissions constituted misappropriation of CTAX Pool
12 funds. The commissions CTAX Partners charged for at least one account traded by
13 Mankad were inconsistent with the express representation in the CTAX Memorandum that
14 Mankad was acting as a fiduciary and obligated to “exercise the utmost good faith and
15 integrity in handling [the CTAX Pool’s] affairs.” There was no legitimate justification for
16 the higher commission rate CTAX Partners charged pool participants for trades in the
17 account traded by Mankad compared to those traded by third-party CTAs. These
18 commissions were therefore not charged in good faith, let alone “the utmost good faith,”
19 and were inconsistent with Mankad’s obligation to act as a fiduciary for pool participants.
20 The commissions were thus inconsistent with the representations, and violated the terms
21 agreed to by pool participants, in the CTAX Memorandum.

22 50. Compliance Advisor recognized these issues and communicated them to
23 Mankad, but Mankad ignored him. On approximately July 9, 2016, Compliance Advisor
24 discovered the disparity and asked Mankad, “why as the fiduciary to the pool is this account
25 charged above industry normal commission rates? I don’t see this in the retail sector
26 anymore and neither does NFA [i.e., the National Futures Association].” Compliance

27 ² During the Relevant Period, CTAX Partners, at Mankad’s direction, withdrew from
28 the CTAX Pool \$401,724.22 in brokerage commissions for sub-accounts Mankad traded.
During the Relevant Period, CTAX Partners paid \$327,189.55, and CTAX Series paid
\$157,869.72, to personal bank accounts owned or controlled by Mankad.

1 Advisor communicated to Mankad that the NFA might discover the significant difference
2 and might allege rules violations.

3 51. Mankad had no answer. In response to this email, Mankad did not adjust his
4 commission structure; did not amend the CTAX Memorandum to caveat his fiduciary
5 responsibilities or explicitly disclose the disparity; did not otherwise communicate to pool
6 participants the disparity; and continued using CTAX Partners to misappropriate pool
7 funds through charging and receipt of excessive and unauthorized commissions.

8
9 **8. Mankad and CTAX Series Falsified Documents To Conceal Their
10 Misconduct from the NFA.**

11 52. In early 2019, the NFA audited CTAX Partners and CTAX Series. In
12 connection with those audits, the NFA requested, and Defendants provided, various
13 documents and information.

14 53. Specifically, on March 12, 2019, Mankad, acting on behalf of CTAX Series,
15 provided the NFA with an email purportedly dated February 25, 2019 from Compliance
16 Advisor to a pool participant attaching a January 1, 2019 account statement. In fact, that
17 email had been sent on March 12, 2019. Before providing the email to the NFA, Mankad
18 changed the date from March 12, 2019, to February 25, 2019. Mankad and CTAX Series
19 did so to mislead the NFA regarding the date the email was sent—specifically, to make it
20 appear that the pool participant received the account statement sooner than he did.

21 54. On March 14, 2019, Mankad, on behalf of CTAX Series, forwarded to the
22 NFA emails purporting to reflect the provision to a different pool participant—Mankad’s
23 personal friend—the April 2018 CTAX account statement (purported email dated May 29,
24 2018); the May 2018 CTAX account statement (purported email dated June 29, 2018); the
25 June 2018 CTAX account statement (purported email dated August 16, 2018); the July
26 2018 CTAX account statement (purported email dated September 28, 2018); and the
27 August-December 2018 CTAX account statements (purported email dated February 25,
28 2019). Mankad fabricated these emails. No such emails were ever sent. Mankad submitted

1 these fabricated emails to the NFA to mislead the NFA into believing that the account
2 statements had been provided to this pool participant.

3 55. In testimony before the Division, Mankad admitted to intentionally falsifying
4 the emails described above to make it appear that a pool participant received account
5 statements earlier than he did and that another pool participant received any account
6 statements at all.

7 56. On January 21, 2020, the NFA issued Decisions finding that Mankad and
8 CTAX Series violated NFA Compliance Rules 2-2(f), 2-4, and, in the case of CTAX Series,
9 2-13 relating to their concealment of the CTAX Pool's performance by delaying delivery
10 of account statements to pool participants, as well as their false statements to the NFA.

11 **B. Conclusions of Law**

12 **1. Jurisdiction and Venue**

13 57. This Court possesses jurisdiction over this action pursuant to 28 U.S.C.
14 § 1331 (codifying federal question jurisdiction) and 28 U.S.C. § 1345 (providing that U.S.
15 district courts have original jurisdiction over civil actions commenced by the United States
16 or by any agency expressly authorized to sue by Act of Congress). Section 6c(a) of the
17 Act, 7 U.S.C. § 13a-1(a), provides that the Commission may bring actions for injunctive
18 relief or to enforce compliance with the Act or any rule, regulation, or order thereunder in
19 the proper district court of the United States whenever it shall appear to the Commission
20 that any person has engaged, is engaging, or is about to engage in any act or practice
21 constituting a violation of any provision of the Act or any rule, regulation, or order
22 thereunder.

23 58. Venue properly lies with this Court pursuant to 7 U.S.C. § 13a-1(e), because
24 Defendants transacted business in this District and acts and practices in violation of the Act
25 occurred within this District.

26 **2. Fraud by Misrepresentations, Omissions, and Misappropriation in** 27 **Violation of Section 4b(a)(1)(A) and (C) of the Act, 7 U.S.C. § 6b(a)(1)(A),** 28 **(C)**

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59. 7 U.S.C. § 6b(a)(1)(A) and (C) makes it unlawful:

(1) for any person, in or in connection with any order to make, or the making of, any contract of sale of any commodity in interstate commerce or for future delivery that is made, or to be made, on or subject to the rules of a designated contract market, for or on behalf of any other person . . .

(A) to cheat or defraud or attempt to cheat or defraud the other person . . . [or]

(C) willfully to deceive or attempt to deceive the other person by any means whatsoever in regard to any order or contract or the disposition or execution of any order or contract, or in regard to any act of agency performed, with respect to any order or contract for . . . the other person . . .

60. By reason of the conduct described above, Defendants CTAX Partners and CTAX Series, by and through their officers, employees and agents, and Defendant Mankad, in or in connection with any order to make, or the making of, any contract of sale of any commodity in interstate commerce or for future delivery that is made, or to be made, on or subject to the rules of a designated contract market, for or on behalf of any other person, knowingly or recklessly: (1) cheated or defrauded or attempted to cheat or defraud pool participants; and (2) deceived or attempted to deceive pool participants by any means.

61. By reason of the foregoing, Defendants CTAX Partners and CTAX Series, by and through their officers, employees and agents, and Defendant Mankad violated 7 U.S.C. § 6b(a)(1)(A) and (C).

62. The foregoing acts, misrepresentations, omissions, and failures occurred within the scope of Defendant Mankad’s employment or office with CTAX Partners and CTAX Series. Therefore, CTAX Partners and CTAX Series are liable for Mankad’s acts, misrepresentations, omissions, and failures in violation of 7 U.S.C. § 6b(a)(1)(A) and (C), pursuant to Section 2(a)(1)(B) of the Act, 7 U.S.C. § 2(a)(1)(B), and Regulation 1.2, 17 C.F.R. § 1.2 (2021).

1 63. Defendant Mankad controls CTAX Partners and CTAX Series, directly or
2 indirectly, and did not act in good faith or knowingly induced, directly or indirectly, CTAX
3 Partners' and CTAX Series' conduct alleged in this Count. Therefore, under Section 13(b)
4 of the Act, 7 U.S.C. § 13c(b), Mankad is liable for CTAX Partners' and CTAX Series'
5 violations of 7 U.S.C. § 6b(a)(1)(A) and (C).

6
7 **3. Fraud and Deceit by CPOs and APs of CPOs in Violation of Section**
8 **4o(1)(A)-(B) of the Act, 7 U.S.C. § 6o(1)(A)-(B)**

9 64. Section 1a(11)(A)(ii) of the Act, 7 U.S.C. § 1a(11)(A)(ii), defines a CPO, in
10 relevant part, as “any person . . . who is registered with the Commission as a [CPO].”

11 65. During the Relevant Period, Defendant CTAX Series was registered with the
12 Commission as a CPO and was thus a CPO as defined by 7 U.S.C. § 1a(11)(A)(ii).

13 66. Regulation 1.3, 17 C.F.R. § 1.3 (2021), defines an AP of a CPO as any natural
14 person associated with:

15 (3) A [CPO] as a partner, officer, employee, consultant, or agent
16 (or any natural person occupying a similar status or performing
17 similar functions), in any capacity which involves (i) the
18 solicitation of funds, securities, or property for a participation in a
19 commodity pool or (ii) the supervision of any person or persons so
20 engaged[.]

21
22 67. During the Relevant Period, Defendant Mankad was associated with CTAX
23 Series, a CPO, as a partner, officer, employee, consultant, or agent in a capacity that
24 involved the solicitation of funds, securities, or property for participation in a commodity
25 pool, or the supervision of any person or persons so engaged. In addition, during the
26 Relevant Period, Mankad was registered with the Commission as an AP of CTAX Series,
27 a CPO. Therefore, Defendant Mankad was an AP of a CPO as defined by 17 C.F.R. § 1.3.

28

1 68. 7 U.S.C. § 6o(1)(A)-(B) prohibits CPOs and APs of CPOs, by use of the
2 mails or any means or instrumentality of interstate commerce, directly or indirectly, from
3 employing devices, schemes or artifices to defraud any client or participant or prospective
4 client or participant, or engaging in transactions, practices, or courses of business which
5 operate as a fraud or deceit upon any client or participant or prospective client or
6 participant.

7 69. By reason of the conduct described above, Defendant CTAX Series, by and
8 through its officers, employees and agents, and Defendant Mankad, through use of the
9 mails or any means or instrumentality of interstate commerce: (1) knowingly or recklessly
10 employed devices, schemes or artifices to defraud pool participants and prospective pool
11 participants; or (2) engaged in transactions, practices, or courses of business which
12 operated as a fraud or deceit upon pool participants or prospective pool participants.

13 70. By reason of the foregoing, Defendant CTAX Series, by and through its
14 officers, employees and agents, and Defendant Mankad violated 7 U.S.C. § 6o(1)(A)-(B).

15 71. The foregoing acts, misrepresentations, omissions, and failures occurred
16 within the scope of Defendant Mankad's employment or office with CTAX Series.
17 Therefore, Defendant CTAX Series is liable for Mankad's acts, misrepresentations,
18 omissions, and failures in violation of 7 U.S.C. § 6o(1)(A)-(B), pursuant to 7 U.S.C.
19 § 2(a)(1)(B) and 17 C.F.R. § 1.2.

20 72. Defendant Mankad controls CTAX Series, directly or indirectly, and did not
21 act in good faith or knowingly induced, directly or indirectly, CTAX Series' conduct
22 alleged in this Count. Therefore, under 7 U.S.C. § 13c(b), Mankad is liable for CTAX
23 Series' violations of 7 U.S.C. § 6o(1)(A)-(B).

24
25 **4. False Statements to the NFA in Violation of Section 9(a)(4) of the Act,
26 7 U.S.C. § 13(a)(4)**

27 73. 7 U.S.C. § 13(a)(4) makes it unlawful for:
28 Any person willfully to falsify, conceal, or cover up by any
 trick, scheme, or artifice a material fact, make any false,

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fictitious, or fraudulent statements or representations, or make or use any false writing or document knowing the same to contain any false, fictitious, or fraudulent statement or entry to a . . . futures association designated or registered under this chapter acting in furtherance of its official duties under this chapter.

74. By reason of the conduct described above, Defendant CTAX Series, by and through its officers, employees and agents, and Defendant Mankad willfully falsified, concealed, or covered up by any trick, scheme, or artifice a material fact, made false, fictitious, or fraudulent statements or representations, or made or used any false writings or documents knowing the same to contain any false, fictitious, or fraudulent statements or entries to the NFA, a registered futures association, acting in furtherance of its official duties in connection with an audit of CTAX Series.

75. By reason of the foregoing, Defendant CTAX Series, by and through its officers, employees and agents, and Defendant Mankad violated 7 U.S.C. § 13(a)(4).

76. The foregoing acts, misrepresentations, omissions, failures, and fraudulent document submissions occurred within the scope of Defendant Mankad’s employment or office with CTAX Series. Therefore, CTAX Series is liable for Mankad’s conduct in violation of 7 U.S.C. § 13(a)(4), pursuant to 7 U.S.C. § 2(a)(1)(B) and 17 C.F.R. § 1.2.

77. Defendant Mankad controls CTAX Series, directly or indirectly, and did not act in good faith or knowingly induced, directly or indirectly, CTAX Series’ conduct alleged in this Count. Therefore, under 7 U.S.C. § 13c(b), Mankad is liable for CTAX Series’ violations of 7 U.S.C. § 13(a)(4).

78. Unless restrained and enjoined by this Court, there is a reasonable likelihood that Defendants will continue to engage in the acts and practices alleged in the Complaint and in similar acts and practices in violation of the Act and Regulations.

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IV. PERMANENT INJUNCTION

IT IS HEREBY ORDERED:

79. Based upon and in connection with the foregoing conduct, pursuant to Section 6c of the Act, 7 U.S.C. § 13a-1:

- a. Defendants and their affiliates, agents, servants, employees, successors, assigns, and attorneys acting on their behalf, and all persons acting in active concert with them, are permanently restrained, enjoined and prohibited from directly or indirectly engaging in fraud by misrepresentations, omissions, or misappropriation in violation of Section 4b(a)(1)(A) and (C) of the Act, 7 U.S.C. § 6b(a)(1)(A), (C);
- b. Mankad and CTAX Series and their affiliates, agents, servants, employees, successors, assigns, and attorneys acting on their behalf, and all persons in active concert with them, are permanently restrained, enjoined, and prohibited from directly or indirectly (i) engaging in fraud or deceit by a CPO or an AP of a CPO in violation of Section 4o(1)(A)-(B) of the Act, 7 U.S.C. § 6o(1)(A)-(B); and (ii) making false statements to the NFA in violation of Section 9(a)(4) of the Act, 7 U.S.C. § 13(a)(4).

80. Defendants, including any of their affiliates, agents, servants, employees, successors, assigns, and attorneys acting on their behalf, and all persons in active concert with them, are permanently restrained, enjoined, and prohibited from directly or indirectly:

- a. Trading on or subject to the rules of any registered entity (as that term is defined by Section 1a(40) of the Act, 7 U.S.C. § 1a(40));
- b. Entering into any transactions involving “commodity interests” (as that term is defined in Regulation 1.3, 17 C.F.R. § 1.3 (2021)), for accounts held in the name of any Defendant or for accounts in which any Defendant has a direct or indirect interest;
- c. Having any commodity interests traded on any Defendant’s behalf;

- d. Controlling or directing the trading for or on behalf of any other person or entity, whether by power of attorney or otherwise, in any account involving commodity interests;
- e. Soliciting, receiving, or accepting any funds from any person for the purpose of purchasing or selling of any commodity interests;
- f. 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) (2021); and
- g. Acting as a principal (as that term is defined in Regulation 3.1(a), 17 C.F.R. § 3.1(a) (2021)), agent, or any other officer or employee of any person registered, exempted from registration, or required to be registered with the CFTC except as provided for in 17 C.F.R. § 4.14(a)(9).

V. RESTITUTION AND CIVIL MONETARY PENALTY

A. Restitution

81. Defendants shall pay, jointly and severally, restitution in the amount of one million, six hundred thirty-one thousand and seventy-two dollars and twenty-nine cents (\$1,631,072.29) (“Restitution Obligation”), within ten (10) days of the date of the entry of this Order.³ If the Restitution Obligation is not paid in full within ten days of the date of entry of this Order, then post-judgment interest shall accrue on the Restitution Obligation beginning on the date of entry of this Order and shall be determined by using the Treasury Bill rate prevailing on the date of entry of this Order pursuant to 28 U.S.C. § 1961.

82. To effect payment by Defendants and the distribution of restitution to Defendants’ customers, the Court appoints NFA as “Monitor.” The Monitor shall receive

³ The Commission has previously ordered Ohanian and Scottsdale Wealth to pay the remaining restitution owed to victims. *See In re Ohanian*, CFTC No. 22-02, 2021 WL 4757195, at *6-7 (Oct. 8, 2021) (requiring payment of \$338,000 in restitution and a \$169,000 CMP, among other relief).

1 payments of the Restitution Obligation and any post-judgment interest from
2 Defendants and make distributions as set forth below. Because the Monitor is not being
3 specially compensated for these services, and these services are outside the normal duties
4 of the Monitor, it shall not be liable for any action or inaction arising from its appointment
5 as Monitor other than actions involving fraud.

6 83. Defendants shall make their payments of the Restitution Obligation and any
7 post-judgment interest under this Order in the name of the “CTAX Settlement Fund” and
8 shall send such payments by electronic funds transfer, or U.S. postal money order, certified
9 check, bank cashier’s check, or bank money order to the Office of Administration, National
10 Futures Association, 300 South Riverside Plaza, Suite 1800, Chicago, Illinois 60606, under
11 a cover letter that identifies the paying Respondent and the name and docket number of
12 this proceeding. The paying Defendant shall simultaneously transmit copies of the cover
13 letter and the form of payment to the Chief Financial Officer, Commodity Futures Trading
14 Commission, Three Lafayette Centre, 1155 21st Street, NW, Washington, D.C. 20581, and
15 to Charles Marvine, Deputy Director, Commodity Futures Trading Commission, 2600
16 Grand Boulevard, Suite 210, Kansas City, MO 64108.

17 84. The Monitor shall oversee Defendants’ Restitution Obligation and shall have
18 the discretion to determine the manner of distribution of funds in an equitable fashion to
19 the Defendants’ customers or may defer distribution until such time as the Monitor may
20 deem appropriate. In the event that the amount of payments of the Restitution Obligation
21 to the Monitor are of a *de minimis* nature such that the Monitor determines that the
22 administrative cost of making a restitution distribution is impractical, the Monitor may, in
23 its discretion, treat such restitution payments as civil monetary penalty payments, which
24 the Monitor shall forward to the Commission, as discussed below. To the extent any funds
25 accrue to the U.S. Treasury for satisfaction of Defendants’ Restitution Obligation, such
26 funds shall be transferred to the Monitor for disbursement in accordance with the
27 procedures set forth in this Order.

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1 **B. Civil Monetary Penalty**

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3 85. Defendants shall pay, jointly and severally, a civil monetary penalty in the
4 amount of seven hundred and twenty-seven thousand, five hundred and eighty-eight dollars
5 and ninety-one cents (“\$727,588.91”) (“CMP Obligation”), within thirty days of the date of
6 entry of this Consent Order. If the CMP Obligation is not paid in full within thirty days of
7 the date of entry of this Consent Order, then post-judgment interest shall accrue on the
8 CMP Obligation beginning on the date of entry of this Consent Order and shall be
9 determined by using the Treasury Bill rate prevailing on the date of entry of this Consent
10 Order pursuant to 28 U.S.C. § 1961.

11 86. Defendants shall pay their CMP Obligation and any post-judgment interest,
12 by electronic funds transfer, U.S. postal money order, certified check, bank cashier’s check,
13 or bank money order. If payment is to be made other than by electronic funds transfer,
14 then the payment shall be made payable to the Commodity Futures Trading Commission
15 and sent to the address below:

16 MMAC/ESC/AMK326
17 Commodity Futures Trading Commission
18 6500 S. MacArthur Blvd.
19 HQ Room 266
20 Oklahoma City, OK 73169
21 9-amc-ar-cftc@faa.gov

22 87. If payment by electronic funds transfer is chosen, Defendants shall contact
23 Tonia King or her successor at the above email address to receive payment instructions and
24 shall fully comply with those instructions. Defendants shall accompany payment of the
25 CMP Obligation with a cover letter that identifies the paying Defendant(s) and the name
26 and docket number of this proceeding. Defendants shall simultaneously transmit copies of
27 the cover letter and the form of payment to the Chief Financial Officer, Commodity Futures
28 Trading Commission, Three Lafayette Centre, 1155 21st Street, NW, Washington, D.C.
20581, and to Charles Marvine, Deputy Director, Commodity Futures Trading
Commission, 2600 Grand Boulevard, Suite 210, Kansas City, MO 64108.

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C. Provisions Related to Monetary Sanctions

88. Partial Satisfaction: Acceptance by the Commission of any partial payment of Defendants’ Restitution Obligation or CMP Obligation shall not be deemed a waiver of Defendants’ obligation to make further payments pursuant to this Consent Order, or a waiver of the Commission’s right to seek to compel payment of any remaining balance.

VI. MISCELLANEOUS PROVISIONS

89. Notice: All notices required to be given by any provision in this Consent Order shall be sent certified mail, return receipt requested, as follows:

Notice to Commission:

Charles D. Marvine
Deputy Director
2600 Grand Boulevard, Suite 210
Kansas City, MO 64108

Notice to Defendants:

Jeffrey M. Henderson
Greenberg Traurig, LLP
77 West Wacker Drive, Suite 3100
Chicago, IL 60601
hendersonj@gtlaw.com

All such notices to the Commission shall reference the name and docket number of this action.

90. Change of Address/Phone: Until such time as Defendants satisfy in full their Restitution Obligation and CMP Obligation as set forth in this Consent Order, Defendants shall provide written notice to the Commission by certified mail of any change to their telephone number and mailing address within ten calendar days of the change.

1 91. Entire Agreement and Amendments: This Consent Order incorporates all of
2 the terms and conditions of the settlement among the parties hereto to date. Nothing shall
3 serve to amend or modify this Consent Order in any respect whatsoever,
4 unless: (a) reduced to writing; (b) signed by all parties hereto; and (c) approved by order
5 of this Court.

6 92. Invalidation: If any provision of this Consent Order or if the application of
7 any provision or circumstance is held invalid, then the remainder of this Consent Order and
8 the application of the provision to any other person or circumstance shall not be affected
9 by the holding.

10 93. Waiver: The failure of any party to this Consent Order at any time to require
11 performance of any provision of this Consent Order shall in no manner affect the right of
12 the party at a later time to enforce the same or any other provision of this Consent Order.
13 No waiver in one or more instances of the breach of any provision contained in this Consent
14 Order shall be deemed to be or construed as a further or continuing waiver of such breach
15 or waiver of the breach of any other provision of this Consent Order.

16 94. Continuing Jurisdiction of this Court: This Court shall retain jurisdiction of
17 this action to ensure compliance with this Consent Order and for all other purposes related
18 to this action, including any motion by Defendants to modify or for relief from the terms
19 of this Consent Order.

20 95. Injunctive and Equitable Relief Provisions: The injunctive and equitable
21 relief provisions of this Consent Order shall be binding upon Defendants, upon any person
22 under their authority or control, and upon any person who receives actual notice of this
23 Consent Order, by personal service, e-mail, facsimile or otherwise insofar as he or she is
24 acting in active concert or participation with Defendants.

25 96. Authority: Mankad hereby warrants that he is the Managing Member of
26 CTAX Partners and CTAX Series; that this Consent Order has been duly authorized by
27 CTAX Partners and CTAX Series; and he has been duly empowered to sign and submit
28 this Consent Order on behalf of CTAX Partners and CTAX Series.

1 97. Counterparts and Facsimile Execution: This Consent Order may be executed
2 in two or more counterparts, all of which shall be considered one and the same agreement
3 and shall become effective when one or more counterparts have been signed by each of the
4 parties hereto and delivered (by facsimile, e-mail, or otherwise) to the other party, it being
5 understood that all parties need not sign the same counterpart. Any counterpart or other
6 signature to this Consent Order that is delivered by any means shall be deemed for all
7 purposes as constituting good and valid execution and delivery by such party of this
8 Consent Order.


9 98. Contempt: Defendants understand that the terms of the Consent Order are
10 enforceable through contempt proceedings, and that in any such proceedings it may not
11 challenge the validity of this Consent Order.

12 99. Agreements and Undertakings: Defendants shall comply with all of the
13 undertakings and agreements set forth in this Consent Order.

14 100. The Clerk of the Court is hereby ordered to enter this *Consent Order for*
15 *Permanent Injunction, Civil Monetary Penalties, and other Equitable Relief Against*
16 *Defendants Purvesh Mankad, CTAX Partners, LLC, and CTAX Series, LLC* forthwith and
17 without further notice.

18 101. The Clerk of the Court is further ordered to terminate this action.

19 Dated this 18th day of October, 2022.

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23 Honorable Diane J. Humetewa
24 United States District Judge
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