

**BEFORE THE  
NATIONAL FUTURES ASSOCIATION**

In the Matter of:	)	
	)	
RNS HOLDINGS LP	)	
(NFA ID #413256),	)	
	)	NFA Case No. 15-MRA-002
and	)	
	)	
RAJA MICHAEL MAWAD	)	
(NFA ID #453527)	)	

**NOTICE OF MEMBER RESPONSIBILITY ACTION AND ASSOCIATE  
RESPONSIBILITY ACTION UNDER NFA COMPLIANCE RULE 3-15**

National Futures Association (NFA) hereby gives notice to RNS Holdings LP (RNS), a registered commodity pool operator (CPO) and a Member of NFA and Raja Michael Mawad (Mawad), an associated person (AP), listed principal of RNS and an NFA Associate that, pursuant to NFA Compliance Rule 3-15, the President of NFA, with the concurrence of NFA's Executive Committee, has taken a Member Responsibility Action (MRA) against RNS and an Associate Responsibility Action (ARA) against Mawad, whereby:

1. Effective immediately, RNS and Mawad are hereby suspended from NFA membership and associate membership until further notice;
2. RNS, Mawad and anyone acting on behalf of RNS are prohibited from disbursing or transferring any funds of customers, investors or pools over which they exercise control, or participants in any such pools, without prior approval from NFA;
3. RNS and Mawad are ordered to repay in full the money Mawad and RNS misappropriated and improperly used from the RNS Capital LP Fund (RNS Fund or Fund) by depositing such funds with an NFA Member futures commission merchant (FCM); and
4. RNS and Mawad are required to provide copies of this MRA/ARA by overnight courier or e-mail to all: a) participants in the RNS Fund; and b) financial institutions in which money is on deposit in the name of RNS, the RNS Fund, Mawad or any customer accounts or Fund accounts which Mawad either operates, manages or controls.

This action is effective immediately and deemed necessary to protect participants in the RNS Fund because Mawad has misappropriated pool participant funds and improperly used pool participant funds for expenses which should have been

paid by either Mawad or RNS. As a consequence, Mawad and RNS owed the RNS Fund approximately \$189,000 and have only been recently able to repay approximately \$80,000, which means that RNS and Mawad still owe the Fund approximately \$109,000.

In support of these actions, NFA attaches the affidavit of Ryan Ahlfeld, who is a Manager in NFA's Compliance Department, and based thereon alleges as follows:

1. RNS became a registered CPO on January 1, 2013 and an NFA Member on May 1, 2013. RNS is located in Houston, Texas. The RNS Fund began accepting customer funds in July 2009 and prior to 2013, RNS operated pursuant to a Commodity Futures Trading Commission (CFTC) Regulation 4.13(a)(4) notice of exemption, which exempted RNS from registration with the CFTC.
2. Mawad has been a registered AP and an NFA Associate since June 13, 2013 and is the firm's sole AP. Mawad is a listed principal of the firm and its 99% owner.
3. In December 2014, after reviewing one of RNS' pool quarterly reports (PQR), NFA required RNS to send support for certain balances reported in the PQR. While reviewing the documents RNS sent to NFA to support these balances, NFA noted unusual activity in the Fund's bank account which suggested that Mawad may have been using RNS funds for personal expenses. As a result, NFA started an examination of RNS in January 2015. At that time, the RNS Fund had assets of approximately \$18,000 and thirteen outside participants. During the prior calendar year, the Fund's net asset value had been as high as \$14.6 million but dropped significantly in 2014 as a result of trading losses incurred throughout 2014.
4. At the start of the exam, NFA reviewed RNS' books and records, including the Fund's general ledger. As of November 2014, the general ledger showed that the Fund's general partner, RNS, owed the Fund approximately \$7,000. When NFA first questioned Mawad about this, he did not know what the \$7,000 represented.
5. Eventually, however, Mawad explained that the \$7,000 was likely the money he owed the Fund for personal expenses. Mawad explained that he routinely used the Fund's bank account to pay for personal expenses because as the Fund's general partner, he was owed a management fee of 1% of the Fund's NAV. According to Mawad, the management fee was calculated on a quarterly basis and due to Mawad at the start of each quarter. Mawad further explained that because the management fee due to him was purportedly significant, he never worried that he would "overdraw" on the amount owed to him.

6. However, based on a review of all activity in the Fund's bank account and the management fee due to Mawad, it appears as though Mawad took substantially more than he earned in management fees. Specifically, from 2009 through the present, Mawad has misappropriated approximately \$52,000 from the Fund and used this money to pay for personal expenses such as jewelry, restaurant meals, travel, Tesla automobile payments and clothes.
7. In addition, NFA also found that Mawad improperly used the Fund's assets to pay expenses which should have been paid by either Mawad or RNS. For example, Mawad took approximately \$26,000 to pay for client dinners, travel expenses and expenses incurred in connection with RNS' operation of an entirely different commodity pool. In addition, Mawad took approximately \$111,000 from the Fund to pay the salary and payroll taxes of RNS Fund's chief financial officer, despite the fact that the Fund's private placement memorandum specifically states that the "Partnership [RNS Fund] does not have its own separate employees and it does not reimburse the General Partner [RNS] for salaries."
8. In all, between the funds Mawad misappropriated and improperly took from the Fund, Mawad and RNS owe the RNS Fund approximately \$189,000, which Mawad does not dispute. After selling certain assets and borrowing funds from family members, Mawad has transferred approximately \$80,000 to a trading account in the name of the RNS Fund at an NFA Member FCM. However, Mawad has indicated that he does not have additional money or assets which he can use to repay the RNS Fund, and as a result, Mawad and RNS still owe the Fund approximately \$109,000.

The MRA and ARA will remain in effect until such time as RNS and Mawad have demonstrated to the satisfaction of NFA that they are in complete compliance with all NFA Requirements.

RNS and Mawad are entitled to a prompt hearing on this matter before NFA's Hearing Committee if it so requests. The request for a hearing shall be made in writing to:


National Futures Association  
300 South Riverside Plaza  
Suite 1800  
Chicago, Illinois 60606  
Attn: Legal Department-Docketing

E-Mail: [Docketing@nfa.futures.org](mailto:Docketing@nfa.futures.org)  
Facsimile: 312-781-1672

Aggrieved parties may petition the CFTC for a stay of this MRA and ARA pending a hearing pursuant to and in conformity with the terms set forth in CFTC Regulation 171.41.

**NATIONAL FUTURES ASSOCIATION**

Date: 04/14/2015

By:   
Daniel J. Roth, President

(ecs:MRA\2015.MRA\_RNS (3.15). docx

## AFFIDAVIT

THE AFFIANT, RYAN AHLFELD, BEING DULY SWORN AND UNDER OATH STATES THAT:

1. My name is Ryan Ahlfeld, and I am employed by National Futures Association (NFA) as a Manager in NFA's Compliance Department and have been employed by NFA since January 2009. In my capacity as a Manager, I oversaw the examination and investigation of RNS Holdings LP (RNS), a registered commodity pool operator (CPO) and a Member of NFA, and Raja Michael Mawad (Mawad), an associated person (AP) and NFA Associate and a listed principal of RNS.
2. RNS became a registered CPO on January 1, 2013 and an NFA Member on May 1, 2013. RNS is located in Houston, Texas. The RNS Capital LP Fund (RNS Fund or Fund) began accepting customer funds in July 2009 and prior to 2013, RNS operated pursuant to a Commodity Futures Trading Commission (CFTC) Regulation 4.13(a)(4) notice of exemption, which exempted RNS from registration with the CFTC.
3. Mawad has been a registered AP and an NFA Associate since June 13, 2013 and is the firm's sole AP. Mawad is a listed principal of the firm and its 99% owner.
4. In December 2014, after reviewing one of RNS' pool quarterly reports (PQR), NFA required RNS to send support for certain balances reported in the PQR. While reviewing the documents RNS sent to NFA to support these balances, NFA noted unusual activity in the Fund's bank account which suggested that Mawad may have been using RNS funds for personal expenses. As a result, NFA started an examination of RNS in January 2015. At that time, the RNS Fund had assets of approximately \$18,000 and thirteen outside participants. During the prior calendar year, the Fund's net asset value had been as high as \$14.6 million but dropped significantly in 2014 as a result of trading losses incurred throughout 2014.
5. At the start of the exam, NFA reviewed RNS' books and records, including the Fund's general ledger. As of November 2014, the general ledger showed that the Fund's general partner, RNS, owed the Fund approximately \$7,000. When NFA first questioned Mawad about this, he did not know what the \$7,000 represented.
6. Eventually, however, Mawad explained that the \$7,000 was likely the money he owed the Fund for personal expenses. Mawad explained that he routinely used the Fund's bank account to pay for personal expenses because as the Fund's general partner, he was owed a management fee of 1% of the Fund's NAV. According to Mawad, the management fee was calculated on a quarterly basis and due to Mawad at the start of each quarter. Mawad further

explained that because the management fee due to him was purportedly significant, he never worried that he would "overdraw" on the amount owed to him.

7. However, based on a review of all activity in the Fund's bank account and the management fee due to Mawad, it appears as though Mawad took substantially more than he earned in management fees. Specifically, from 2009 through the present, Mawad has misappropriated approximately \$52,000 from the Fund and used this money to pay for personal expenses such as jewelry, restaurant meals, travel, Tesla automobile payments and clothes.
8. In addition, NFA also found that Mawad improperly used the Fund's assets to pay expenses which should have been paid by either Mawad or RNS. For example, Mawad took approximately \$26,000 to pay for client dinners, travel expenses and expenses incurred in connection with RNS' operation of an entirely different commodity pool. In addition, Mawad took approximately \$111,000 from the Fund to pay the salary and payroll taxes of RNS Fund's chief financial officer, despite the fact that the Fund's private placement memorandum specifically states that the "Partnership [RNS Fund] does not have its own separate employees and it does not reimburse the General Partner [RNS] for salaries."
9. In all, between the funds Mawad misappropriated and improperly took from the Fund, Mawad and RNS owe the RNS Fund approximately \$189,000, which Mawad does not dispute. After selling certain assets and borrowing funds from family members, Mawad has transferred approximately \$80,000 to a trading account in the name of the RNS Fund at an NFA Member FCM. However, Mawad has indicated that he does not have additional money or assets which he can use to repay the RNS Fund, and as a result, Mawad and RNS still owe the Fund approximately \$109,000.

Further Affiant sayeth naught.

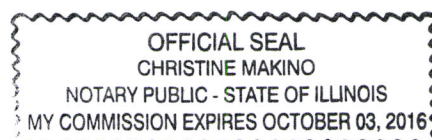


Ryan Ahlfeld

Subscribed and sworn to before me  
on this 14th day of April 2015.



Notary Public





## AFFIDAVIT OF SERVICE

I, Nancy Miskovich-Paschen, on oath state that on April 14, 2015, served copies of the attached Notice of Member Responsibility Action and Associate Responsibility Action Under NFA Compliance Rule 3-15, by sending such copies by e-mail and regular mail, first-class delivery, in envelopes addressed as follows to:

Christopher Kirkpatrick  
Office of the Secretariat  
Commodity Futures Trading  
Commission  
Three Lafayette Centre  
1155 21st Street, NW  
Washington, DC 20581  
E-mail: [ckirkpatrick@cftc.gov](mailto:ckirkpatrick@cftc.gov)

Tempest Thomas  
Office of Proceedings  
Commodity Futures Trading  
Commission  
Three Lafayette Centre  
1155 21st Street, NW  
Washington, DC 20581  
E-mail: [proc\\_filings@cftc.gov](mailto:proc_filings@cftc.gov)

and also sending such copies by e-mail and overnight mail, in envelopes addressed as follows to:

Arnold Feist  
Chief Compliance Officer  
Interactive Brokers LLC  
One Pickwick Plaza  
Suite 200  
Greenwich, CT 06830  
E-mail: [compliance@interactivebrokers.com](mailto:compliance@interactivebrokers.com)

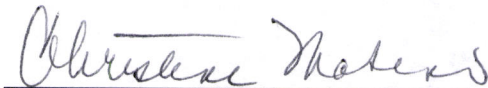
RNS Holdings LP  
3050 Post Oak Boulevard  
Suite 825  
Houston, TX 77056  
Attn: Raja M. Mawad, CIO  
E-mail: [rmawad@rnscapital.com](mailto:rmawad@rnscapital.com)

Raja M. Mawad  
6515 Edloe  
Houston, TX 77005  
E-mail: [rmawad@rnscapital.com](mailto:rmawad@rnscapital.com)

Elizabeth Small  
UBS Financial Services, Inc.  
Senior Regulatory Compliance Counsel  
1000 Harbor Boulevard  
8th Floor  
Weehawken, NJ 07086  
E-mail: [elizabeth.small@ubs.com](mailto:elizabeth.small@ubs.com)

  
Nancy Miskovich-Paschen

Subscribed and sworn to before me  
on this 14th day of April 2015.

  
Notary Public

