

**UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
TAMPA DIVISION**

COMMODITY FUTURES TRADING
COMMISSION,

Case No. 8:19-CV-886-T-33SPF

Plaintiff,

v.

OASIS INTERNATIONAL GROUP,
LIMITED; OASIS MANAGEMENT, LLC;
SATELLITE HOLDINGS COMPANY;
MICHAEL J DACORTA; JOSEPH S.
ANILE, II.; RAYMOND P MONTIE III;
FRANCISCO "FRANK" L. DURAN; and
JOHN J. HAAS,

Defendants;

and

MAINSTREAM FUND SERVICES, INC.;
BOWLING GREEN CAPITAL
MANAGEMENT LLC; LAGOON
INVESTMENTS, INC.; ROAR OF THE
LION FITNESS, LLC; 444 GULF OF
MEXICO DRIVE, LLC; 4064 FOUNDERS
CLUB DRIVE, LLC; 6922 LACANTERA
CIRCLE, LLC; 13318 LOST KEY PLACE,
LLC; and 4 OAKS LLC,

Relief Defendants.

**THE RECEIVER'S RESPONSE TO THE COURT'S ORDER REGARDING
MAINSTREAM FUND SERVICES, INC. AND THE EXTENSION OF THE STAY**

Burton W. Wiand, as receiver over the above-captioned defendants and relief defendants (the “**Receiver**” and the “**Receivership**”), responds to the Court’s endorsed order, which in relevant part, directed the Receiver:

to file, by January 24, 2020, a response addressing the Government’s Motion to extend the stay, Mainstream’s Response, and the Government’s Reply. Specifically, the Receiver should address whether it consents to a temporary and partial lifting of the stay to allow for discovery on the singular issue of whether Mainstream rendered services to Oasis International Group, Ltd. in exchange for the fees it received, how such a partial lift could impact its duties and mandate, and any other arguments or issues which the Receiver would like to bring to the Court’s attention on this matter.

Doc. 221. The Receiver addresses these issues below.

The Receiver’s Position On The Stay And Limited Discovery

On July 11, 2019, the Court entered a Consolidated Receivership Order, which is now the operative document governing the Receiver’s activities. Doc. 177 (the “**Consolidated Order**”). The Receiver maintains his original position regarding the stay: he has no objection to its extension so long as the Court allows him to continue the pursuit of his mandate, as set forth in the Consolidated Order. The Receiver understands that the CFTC and Mainstream have exchanged (and perhaps are exchanging) certain documents and information in an effort to resolve outstanding issues. If formal discovery is ultimately required, the Receiver has no objection to partially lifting the stay for that singular purpose.

The Receiver Is Evaluating Independent Claims Against Mainstream

The Court and the parties should be aware, however, that the Receiver is evaluating a range of independent claims against Mainstream. Pursuant to the Consolidated Order and its predecessors (*see* Docs. 7, 44), the Receiver has the duty and authority to, in relevant part, investigate and institute legal proceedings for the benefit of the Receivership and its investors

and other creditors. Specifically, the Consolidated Order authorizes, empowers, and directs the Receiver to “investigate the manner in which the financial and business affairs of the Receivership Defendants were conducted....” Doc. 177 ¶ 44. It also authorizes the Receiver “[t]o bring such legal actions based on law or equity in any state, federal, or foreign court as the Receiver deems necessary or appropriate in discharging his duties as Receiver.” *Id* ¶ 8.I.; *see also* ¶ 8.J. (authorizing the Receiver to “pursue ... all suits, actions, claims, and demands, which may now be pending or which may be brought by ... the Receivership Estates.”).

Mainstream asserts that it provides its clients with “accurate, timely and comprehensive accounting services.” Doc. 218 at 1. It also concedes that it provided “cash management services” to defendant Oasis International Group, Ltd. (“**OIG**”) since September 4, 2013 (*id.* at p. 2, ¶ 1) – *i.e.*, more than five-and-a-half years before the CFTC uncovered the Ponzi scheme underlying this action, which has already resulted in a guilty plea and an indictment. The Receiver is investigating the extent to which Mainstream participated in this activity.

Specifically, the Receiver’s forensic accountants have conducted a preliminary analysis of the principal bank account (0764 – the “**Account**”) through which Mainstream conducted transactions worth tens of millions of dollars in connection with the Ponzi scheme underlying this action and the government’s investigation. According to that preliminary analysis:

- the sole source of inflows to the Account appears to have been money, directly or indirectly, from defrauded investors;
- certain defendants (acting through **OIG**) transferred more than \$18 million from the Account to **ATC** Brokers Ltd. (“**ATC**”) – the entity through which fraudulent and unprofitable trading occurred;
- **ATC** never transferred any money back to the Account, which is reflected in both Mainstream’s and **ATC**’s records – in other words, there were no profits;

- nevertheless, Mainstream transferred millions of dollars from the Account to the defendants and other insiders;
- Mainstream also transferred millions of dollars from the Account to relief defendants and others to buy real estate (in which certain defendants resided at the investors' expense) and gold and silver, which transactions were inconsistent with OIG's stated purpose; and finally
- Mainstream transferred millions of dollars to investors from the Account, despite the lack of any trading profits from ATC.

In other words, Mainstream appears to have provided “cash management services” to OIG by using investor money to make payments to other investors without ever processing any actual trading profits. That is the definition of a Ponzi scheme. *See, e.g., Wiand v. Lee*, 753 F.3d 1194, 1201 (11th Cir. 2014) (“A Ponzi scheme uses the principal investments of newer investors, who are promised large returns, to pay older investors what appear to be high returns, but which are in reality a return of their own principal or that of other investors.”). The Receiver believes Mainstream may have liability to the Receivership in connection with these activities.

The Receiver's purpose in this document is not to detail his entire investigation and contemplated litigation regarding Mainstream but to inform the Court that any agreement between the CFTC and Mainstream will not resolve the Receiver's potential claims. Importantly, the Receiver can assert a broader range of claims than the CFTC, including statutory actions for the recovery of fraudulent transfers and common law actions for (as one example) aiding and abetting fraud. The standards for determining liability under these causes of action are also typically lower than those applicable to the law governing the CFTC. If the Receiver determines to pursue claims against Mainstream, those claims will not be litigated in this action. Instead, the Receiver would file an independent action in the appropriate forum (as authorized by Doc. 177 ¶ 8.I.) and serve as the plaintiff on behalf of one or more of the

Receivership entities. *See, e.g., Wiand v. Lee*, as cited above. The Receiver will address these matters further at the appropriate time (or at the Court's request).

CERTIFICATE OF SERVICE

I **HEREBY CERTIFY** that on January 24, 2020, I electronically filed the foregoing with the Clerk of the Court by using the CM/ECF system. I have also provided the following non-CM/ECF participants with a true and correct copy of the foregoing by electronic mail and US mail:

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