

UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
TAMPA DIVISION

COMMODITY FUTURES TRADING
COMMISSION,

Plaintiff,

v.

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

OASIS INTERNATIONAL GROUP,
LIMITED, et al.,

Defendants,

and

MAINSTREAM FUND SERVICES, INC.,
et al.,

Relief Defendants.

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ORDER

This cause comes before the Court pursuant to the United States' Amended Motion to Extend Stay of all Civil Proceedings (Doc. # 215), filed on January 7, 2020. Having solicited responses from all relevant parties, the Court grants the Motion and extends the stay for an additional six months as set forth herein.

I. Background

An exhaustive review of the facts in this case is not necessary at this juncture. Suffice it to say that this case was brought by the Commodity Futures Trading Commission

(CFTC) based on an alleged fraudulent forex trading and Ponzi scheme engineered and executed by the named Defendants. See (Doc. # 1). As alleged by the CFTC in its first amended complaint, Relief Defendant Mainstream Fund Services, Inc. – a third-party administrator for the financial services industry – received, directly or indirectly, over \$33 million from hundreds of members of the public (so-called pool participants) for investment in Defendant Oasis International Group, Ltd.’s (“Oasis”) fraudulent forex pools. (Doc. # 110 at 7). The bank accounts held by Mainstream allegedly acted as pass-through accounts from which investor funds were then transferred to an offshore forex trading account or directly to the Defendants. (Id.).

On July 12, 2019, upon the United States’ motion, the Court stayed this case for six months in order to allow the United States time to conduct its related criminal investigation and prosecutions. (Doc. # 179). The United States has now moved for an additional six-month stay of all civil proceedings in this matter to allow it further time for its criminal investigation and prosecutions. (Doc. # 215).

Mainstream opposes an extension of the stay, arguing that it has fully cooperated in this matter and that its participation as a relief defendant in this lawsuit has

negatively impacted its business. (Doc. # 218). Specifically, Mainstream represents that it has lost access to millions of dollars for more than a week, suffered reputational harm, and lost its largest client, along with AUD 62,390 in annual revenue. (Id.). Mainstream requests that this Court deny the United States' motion or, alternatively, temporarily lift the stay for the limited purpose of allowing Mainstream to file a summary judgment motion and exit this litigation as swiftly as possible. (Id. at 7).

Upon consideration, the Court ordered the Government, the CFTC, and the Receiver to file written responses with the Court detailing their position on an extension or partial lifting of the stay. (Doc. ## 219, 221).

In its written reply, the United States represented that it has no objection to a temporary and partial lifting of the stay to allow for discovery on the "singular issue" of whether Mainstream rendered services to Oasis in exchange for the fees it received. (Doc. # 220). According to the Government, such limited discovery would not pose any harm to its ongoing criminal investigation and related prosecutions. (Id. at 3-4).

The CFTC responded that the "narrow issue" as to Mainstream in this case "is what amount of funds it retained

from Oasis and whether it has a right to any of those funds.” (Doc. # 225 at 2). The CFTC acknowledges that Mainstream previously transferred more than \$6 million of Oasis funds to the Receiver. (Id. at 3); see also (Doc. # 113 at 16) (Receiver’s first interim report representing that Mainstream wired \$6 million in Oasis funds to the Receiver in April 2019). The dispute, instead, centers around the approximately \$795,600 of Oasis funds still potentially retained by Mainstream. (Doc. # 225 at 3). Mainstream contends that it has a right to approximately 25%, or \$232,585.31, of this money as legitimately incurred fees for services rendered. (Id.); (Doc. # 218 at 5).

According to the CFTC, throughout January 2020, the CFTC and Mainstream have been communicating informally to resolve this issue. (Doc. # 225 at 3). Mainstream has provided additional documents to the CFTC, including a partial accounting of the retained Oasis funds. (Id.). The CFTC represents that it is in the process of reviewing the documentation provided by Mainstream and that, once its review is complete, it “anticipates being able to provide Mainstream with a draft consent order that effects settlement of the charges against Mainstream as a relief defendant in this lawsuit[.]” (Id. at 3-4). While the CFTC does not oppose

a partial lift of the stay, it believes that it can resolve this matter as to CFTC on an informal basis. (Id. at 4-6). As such, it is the CFTC's "hope" that it can continue to obtain documents and information from Mainstream on an informal, voluntary basis, in which case there would be no need for formal discovery. (Id. at 6). However, the CFTC advises that if the parties reach an impasse it would have to seek Court intervention, including a partial lifting of the stay. (Id.).

For his part, the Receiver maintains that he has no objection to an extension of the stay or to a partial lift of the stay to allow for discovery between CFTC and Mainstream, so long as the Court allows him to continue the pursuit of his mandate. (Doc. # 224 at 2). The Receiver did advise the Court that he is conducting his own investigation of Mainstream's involvement with the Oasis scheme and might in the future bring claims against Mainstream. (Id. at 2-4). The Receiver, however, would pursue any such claims through an independent action and, thus, those claims would not be litigated in this case. (Id. at 4).

While the Court allowed any other party the opportunity to be heard on this matter, no other party filed a response, and the time for doing so has expired. Thus, the Motion is ripe for review.

II. Discussion

"[T]he power to stay proceedings is incidental to the power inherent in every court to control the disposition of the causes on its docket with economy of time and effort for itself, for counsel, and for litigants." Landis v. N. Am. Co., 299 U.S. 248, 254 (1936). In assessing whether a stay is appropriate, the Court must "weigh competing interests and maintain an even balance." Id. at 255.

The Court finds that an extension of the stay of all civil proceedings in this case is warranted under the circumstances. A stay protects the Government's stated interest of preventing "inevitable harm to [its] ongoing criminal investigation." (Doc. # 215 at 3-4). What's more, in light of the ongoing informal communications between Mainstream and the CFTC to resolve the "narrow issue" of whether Mainstream is entitled to keep certain funds, the Court sees no compelling reason to partially lift the stay to allow for formal discovery where the parties' informal negotiations appear to be bearing fruit. The Court also notes that an extension of the stay would not harm the mandate of, and is not opposed by, the Receiver. Thus, the Court will extend the stay in this case for an additional six months.

However, any party, including the CFTC and Mainstream, are free to move the Court for further relief at any time, including the submission of the proposed consent order contemplated by the CFTC or, if necessary, a motion to partially lift the stay for the purpose of conducting limited discovery. The Court encourages and advises the CFTC and Mainstream to continue working together voluntarily and informally toward a speedy resolution of the CFTC's claim against Mainstream in this case.


Accordingly, it is now

ORDERED, ADJUDGED, and DECREED:

- (1) The United States' Amended Motion to Extend Stay of all Civil Proceedings (Doc. # 215) is **GRANTED**.
- (2) This case is stayed and administratively closed until **July 29, 2020**, and the stay will be automatically lifted at that time.
- (3) The United States of America - specifically, the United States Attorney's Office - is directed to continue providing a status report every 30 days until the stay is lifted.
- (4) The stay does not impact any currently pending motion filed by the Receiver or any subsequent motions filed by the Receiver necessary to fulfill its mandate.

(5) Nothing in this Order precludes any party from moving for further relief as necessary, including the filing of a renewed motion for a temporary and partial lifting of the stay.

DONE and **ORDERED** in Chambers, in Tampa, Florida, this 28th day of January, 2020.


VIRGINIA M. HERNANDEZ COVINGTON
UNITED STATES DISTRICT JUDGE