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Federal Court Orders South African Company to Pay Over \$1.7 Billion in Restitution for Forex Fraud

This Action Resolves the CFTC's Largest Fraud Scheme Case Involving Bitcoin

September 07, 2023

Washington, D.C. — The Commodity Futures Trading Commission today announced Judge David A. Ezra of the U.S. District Court for the Western District of Texas entered a consent order against **Mirror Trading International Proprietary Limited (MTI)** on September 6, finding it liable for fraud in connection with retail foreign currency (forex) transactions, fraud by a commodity pool operator (CPO), registration violations, and failure to comply with CPO regulations. MTI is a company currently in liquidation in the Republic of South Africa.

The order stems from a CFTC complaint filed on June 30, 2022 and requires MTI to pay more than \$1.7 billion in restitution to defrauded victims. [See CFTC Press Release 8549-22 (<https://www.cftc.gov/PressRoom/PressReleases/8549-22>)] The order also permanently enjoins MTI from further violations of the Commodity Exchange Act (CEA), as charged, and imposes permanent trading bans in any CFTC-regulated markets as well as a registration ban against MTI.

The order resolves the CFTC's enforcement case against MTI. Previously, the U.S. District Court for the Western District of Texas entered an order of default judgment (default order) against Cornelius Johannes Steynberg, the founder and CEO of MTI, on April 24, 2023. [See CFTC Press Release No. 8696-23 (<https://www.cftc.gov/PressRoom/PressReleases/8696-23>)] The default order requires Steynberg to pay over \$1.7 billion in restitution to defrauded victims and an over \$1.7 billion civil monetary penalty, which is the highest civil monetary penalty ordered in any CFTC case.

"The settlement with MTI and default judgment against Steynberg represent the latest stage in our battle against fraudsters who victimized over 23,000 individuals from the U.S.," stated Director of Enforcement Ian McGinley. "Here, the fraudsters made the most modern of promises, claiming their 'Advanced Intelligence Software with Bitcoin as the base currency' would create untold wealth for investors, but were actually committing a classic form of fraud, a multilevel marketing scam. Whether a scam involves fictitious electronic trading 'bots' or Bitcoins, as this action involving a South African entity shows, we will pursue the scam artists wherever they may be."

Case Background

According to the order, from approximately May 2018 through approximately March 2021, Steynberg, individually and as the controlling person of MTI, engaged in an international fraudulent multilevel marketing scheme to solicit Bitcoin from people for participation in an unregistered commodity pool operated by MTI. The commodity pool was controlled by defendants MTI and Steynberg and purportedly traded off-exchange, retail forex through what the defendants falsely claimed was a proprietary “bot” or software program. During this period, Steynberg, individually and as the principal and agent of MTI, accepted at least 29,421 Bitcoin—valued over \$1,733,838,372 at the end of the relevant period—from at least 23,000 individuals in the U.S., and thousands more worldwide, to participate in the commodity pool. The defendants misappropriated, either directly or indirectly, all the Bitcoin they accepted from the pool participants.

The CFTC cautions that orders requiring payment of funds to victims may not result in the recovery of any money lost because wrongdoers may not have sufficient funds or assets. The CFTC will continue to fight vigorously for the protection of customers and to ensure the wrongdoers are held accountable.

The CFTC appreciates the assistance of the South African Financial Sector Conduct Authority, the Financial Services Commission of Belize, the Texas State Securities Board, the Alabama Securities Commission, the North Carolina Secretary of State, Securities Division, and the Mississippi Secretary of State, Securities Division.

The Division of Enforcement staff responsible for this case are Timothy J. Mulreany, Danielle Karst, George Malas, Julia C. Colarusso, Kelly Makimoto-Murphy, and Paul G. Hayeck.

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