

UNITED STATES DISTRICT COURT FOR THE DISTRICT OF IDAHO

Estate of David Powell, by and through Ian Powell; and Merav Knafo
v. Crypto Traders Management, LLC, a dissolved Idaho limited
liability company; Shawn Cutting, individually and as trustee of the
Lake View Trust; Courtney Lata; Janine Cutting, individually and as
trustee of the Lake View Trust; Ash Development, LLC; Golden
Cross Investments, LLC; Crypto Traders Fund, LP; and the Lake
View Trust

Powell · No. 2:20-cv-00352-BLW · Decided March 31, 2026

SUMMARY

The United States District Court for the District of Idaho grants motions to dismiss unresolved claims based on the plaintiffs’ failure to appear with new counsel after their prior counsel withdrew. The court declines to address motions seeking to vacate prior rulings or discharge a writ of attachment because of the defendants’ pending bankruptcy and automatic stay, stays the case as to specified defendants, and directs entry of partial final judgment under Federal Rule of Civil Procedure 54(b).

CASE DETAILS

COURT	United States District Court for the District of Idaho
WRITING FOR THE COURT	B. Lynn Winmill
JURISDICTION	United States District Court for the District of Idaho
DECIDED	March 31, 2026
DOCKET	2:20-cv-00352-BLW
DISPOSITION	other
PROCEDURAL POSTURE	Defendants moved to dismiss claims based on Plaintiffs' failure to appear with new counsel after withdrawal of Plaintiffs' counsel. The Cutting defendants also sought to vacate prior summary judgment and discharge a writ of attachment. The district court granted dismissal of remaining claims, declined to consider the stay-prohibited requests, stayed the case as to specified bankruptcy-related defendants, and ordered partial final judgment under Rule 54(b).

STANDARD OF REVIEW

For dismissal for failure to prosecute or comply with court rules or orders, the court applied the Ninth Circuit's five-factor test addressing expeditious resolution, docket management, prejudice, less drastic alternatives, and disposition on the merits. The court also applied the statutory scope of the automatic stay under 11 U.S.C. § 362(a), and the Rule 54(b) standards governing partial final judgment.

PRECEDENTIAL VALUE

Unknown

TOPICS

automatic stay

motions to dismiss

bankruptcy

civil procedure

default judgment

PRACTICE AREAS

civil procedure

bankruptcy

commercial litigation

remedies

QUESTIONS PRESENTED

1. Whether the court could consider the Cutting defendants' requests to vacate prior summary judgment and discharge the writ of attachment after the defendants filed for Chapter 7 bankruptcy.
2. Whether the court should dismiss the remaining unresolved claims for failure to prosecute after Plaintiffs failed to appear with new counsel as ordered.
3. Whether the automatic stay should extend to non-debtor entities whose interests or assets were alleged to be closely intertwined with the bankruptcy debtors.
4. Whether partial final judgment should be entered under Federal Rule of Civil Procedure 54(b) for non-debtor defendants whose claims had been fully resolved.

HOLDINGS

1. The automatic stay barred the court from considering the Cutting defendants' request to vacate the prior summary judgment and their motion to discharge the writ of attachment absent relief from the bankruptcy court; those requests were therefore deemed withdrawn.
2. Dismissal with prejudice was warranted for all remaining unresolved claims against Courtney Lata, Ash Development, LLC, Shawn Cutting, Janine Cutting, Lake View Trust, and Crypto Traders Fund, LP because Plaintiffs failed to appear with new counsel or otherwise prosecute the action after receiving notice and an express warning that dismissal would result.
3. The automatic stay did not ordinarily apply to non-bankrupt co-defendants, but the court extended the stay to Crypto Traders Management, LLC and Golden Cross Investments, LLC because their interests, conduct, or assets were sufficiently intertwined with the bankruptcy debtors and the pending proceedings could affect the bankruptcy estate.
4. Partial final judgment under Rule 54(b) was appropriate for Courtney Lata, Ash Development, LLC, Lake View Trust, and Crypto Traders Fund, LP because all claims against those non-debtor defendants

had been fully resolved and there was no just reason for delay.

KEY QUOTATIONS

“Within a single case, some actions may be stayed, others not.” (Analysis § A)

“The automatic stay generally prohibits any continuation of a pre-petition judicial action against debtors, even if the debtors themselves continue the case by filing a notice of appeal, or in this case, a motion to vacate an order or judgment.” (Analysis § A)

“Considering the public's interest in expeditious resolution of litigation, the Court's need to manage its docket, the risk of prejudice to defendants, the availability of less drastic alternatives, and the public policy favoring disposition of cases on their merits, the Court finds that dismissal with prejudice of any remaining unresolved claims against Courtney Lata, Ash Development, and the Cuttings is appropriate.” (Analysis § B)

FACTUAL BACKGROUND

Shawn Cutting operated a cryptocurrency Ponzi scheme through Crypto Traders Management, LLC, misappropriating investor funds and issuing falsified account statements. David Powell and Merav Knafo invested approximately \$611,654.94 and lost substantially all of their investments. After prior merits rulings, Plaintiffs' counsel withdrew and Plaintiffs failed to obtain new counsel or otherwise contact the court within the deadline. Shawn and Janine Cutting subsequently filed Chapter 7 bankruptcy petitions, and the court determined that some requested relief could affect the debtors or bankruptcy estate.

PROCEDURAL HISTORY

The court had previously entered summary judgment against Shawn Cutting, default judgment against Crypto Traders Management, LLC, partial summary judgment against Janine Cutting, and default judgment against Golden Cross Investments, LLC, while leaving claims against several other defendants unresolved. Plaintiffs' counsel withdrew, and Plaintiffs failed to appear with new counsel within the court-ordered twenty-one-day period. After the Cutting defendants filed Chapter 7 bankruptcy petitions, Defendants moved to dismiss, vacate judgment, and discharge a writ of attachment. The court dismissed the remaining unresolved claims with prejudice, deemed the requests to vacate judgment and discharge the writ withdrawn because of the automatic stay, stayed the case as to the debtors and certain closely related entities, and directed entry of partial final judgment for non-debtor defendants.

DISPOSITION

other

CASES CITED

- Dean v. Trans World Airlines, Inc., 72 F.3d 754 (9th Cir. 1996)
- Hillis Motors, 997 F.2d 581 (9th Cir. 1993)
- Schwartz v. United States (In re Schwartz), 954 F.2d 569 (9th Cir. 1992)
- F.T.C. v. Com. Planet, Inc., 815 F.3d 593 (9th Cir. 2016)

- Parker v. Bain, 68 F.3d 1131 (9th Cir. 1995)
- Maritime Elec. Co. v. United Jersey Bank, 959 F.2d 1194 (3d Cir. 1992)
- Ingersoll-Rand Financial Corp. v. Miller Mining Co. Inc., 817 F.2d 1424 (9th Cir. 1987)
- In re Family Health Services, Inc., 105 B.R. 937 (Bankr. C.D. Cal. 1989)
- A.H. Robins Co. v. Piccinin, 788 F.2d 994 (4th Cir. 1986)
- Ryan-Beedy v. Bank of New York Mellon, No. 2:17-cv-01999 WBS EFB, 2019 WL 1556673 (E.D. Cal. Apr. 10, 2019)
- Landis v. N. Am. Co., 299 U.S. 248 (1936)
- Pagtalunan v. Galaza, 291 F.3d 639 (9th Cir. 2002)
- Oliva v. Sullivan, 958 F.2d 272 (9th Cir. 1992)
- Yourish v. California Amplifier, 191 F.3d 983 (9th Cir. 1999)
- In re Eisen, 31 F.3d 1447 (9th Cir. 1994)
- Wood v. GCC Bend, LLC, 422 F.3d 873 (9th Cir. 2005)
- Sears, Roebuck & Co. v. Mackey, 351 U.S. 427 (1956)
- Curtiss-Wright Corp. v. Gen. Elec. Co., 446 U.S. 1 (1980)