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*Correction: This news release has been revised to correct the name of one of the respondents. His name is Daniel Fernandes Rojo Filho.*

### **BCSC panel finds three B.C. residents conspired in U.S.-based fraud**

**Vancouver** – Three B.C. residents participated in an elaborate fraud that promised investors large returns on gold mining operations in Africa and Brazil that didn't exist, the British Columbia Securities Commission (BCSC) has ruled.

Between 2014 and 2015, Sabrina Ling Huei Wei, Justin Colin Villarin, and James Bernard Law solicited B.C. investors, organized events and sold membership units to Massachusetts-based DFRF Enterprises, LLC and Florida-based DFRF Enterprises, LLC. Investors were promised extraordinarily high, no-risk returns on supposedly lucrative gold mining operations in Mali and Brazil. In reality, DFRF's only source of money was investors.

The scheme raised over US\$15 million from more than 1,400 investors, according to the U.S. Securities and Exchange Commission (SEC). The BCSC found that 137 B.C. residents or people connected to the province lost a total of \$1.5 million. Some lost tens of thousands of dollars and damaged relationships with friends and relatives whom they referred to DFRF. A landscaper who lost approximately \$60,000 testified that he went bankrupt, almost lost his condo, and has still not financially recovered; some relatives, whom he convinced to invest in DFRF, no longer trust him.

"We don't get together anymore for... Christmas or New Year's," he said.

The fraud, described by the SEC as a Ponzi and pyramid scheme, was orchestrated by Daniel Fernandes Rojo Filho, a Brazilian national who was living in Florida at the time. None of the funds raised by investors were used for gold mining, and bank records show no proof that DFRF had other legitimate business activities. Filho used more than US\$6 million of investors' money for personal expenses and luxury cars.

In 2018, a U.S. federal court found Filho incompetent to stand trial on criminal charges of wire fraud and he was released from custody. In 2019, in a separate civil action brought by the SEC, a federal court entered a final judgment against Filho and several others for fraud and selling securities without being registered. Filho was ordered to pay more than \$11 million.



Following several days of hearings, a BCSC panel ruled that Wei, Villarin and Law participated in the fraud by actively soliciting B.C. investors on DFRF's behalf, and that they knew or should have known that Filho was perpetrating a fraud.

This ruling resulted from a years-long investigation that began in 2015 when BCSC investigators – acting on a tip – posed as investors to attend a presentation for DFRF at a downtown Vancouver hotel. Attendees were told to expect a monthly return of up to 15 per cent on their membership in interest, and that their principal was guaranteed by insurance. At the presentation, Wei described the scheme to potential investors as an opportunity to amass great wealth. Law claimed experience as a gold exporter in Mali, encouraging investors to believe that DFRF had direct access to an abundance of gold.

Several days after investigators witnessed the event, the BCSC issued an [investor alert](#) about DFRF, warning that several claims it was making were “characteristic of investment fraud.”

In other promotional content, investors or potential investors were told that DFRF was going to become a publicly traded company, and that their membership units could be converted to shares.

The BCSC panel found that Wei, Law and Villarin chose to enable Filho's deceitful acts, and knew – or should have known – that Filho's claims, and theirs, were fraudulent. Although they became increasingly aware of red flags surrounding DFRF, including the promise of unreasonably high returns, the lack of details about its finances or mines, and the BCSC's investor alert, Wei, Law and Villarin continued to promote it to unwitting investors.

Wei, an accountant who previously worked as an articled student auditor with a major accounting firm, led the mass distribution efforts of DFRF in B.C. She appeared in promotional content, including a video in which she interviewed Filho about the financial returns investors could receive if they acted quickly, and the “preferred shares” structure being offered exclusively to members in the conversion to a publicly listed company. The panel said she used her accounting training to enhance her credibility when making claims on DFRF's behalf without challenging or questioning “the underlying nonsensical premise of the apparent good news surrounding the pending public listing. Rather, she chose to further enable Filho's deceitful acts by enthusiastically promoting it.”

Law, at the time, was involved in a number of smaller ventures, including at least one multi-level marketing business. The panel said his claims of knowledge about gold mining in Africa were an important element of DFRF's efforts to maximize investment contributions from B.C. residents. “Law chose to remain associated with DFRF long after the cumulative tally of red flags would have been impossible to ignore for a person with his purported experience,” the panel said.



Villarin, who had previously been registered to sell insurance and mutual fund products, prepared and distributed promotional materials and occasionally spoke at investor presentations, including one instance in which he urged people to ignore the BCSC's investor alert. He also directly solicited individual investors – some of them, by his own account, close friends and relatives of his. As a former registrant, the panel said he would have known about the relationship between risk and return, and about the gatekeeper role that anyone recommending investments to the public should play. “By his own admission, we know that his senses and instincts were alive to these issues early on yet he chose to ignore both his concerns and the concerns raised by others,” the panel said.

The panel did not agree with the allegation of the BCSC's Executive Director that Wei committed another fraud by diverting \$90,000 in funds from DFRF investments to her own benefit.

The panel directed the parties to make submissions on sanctions. It will also consider sanctions against Filho based on the U.S. court judgment against him.

#### **About the British Columbia Securities Commission ([www.bcsc.bc.ca](http://www.bcsc.bc.ca))**

The British Columbia Securities Commission is the independent provincial government agency responsible for regulating capital markets in British Columbia through the administration of the *Securities Act*. Our mission is to protect and promote the public interest by fostering:

- A securities market that is fair and warrants public confidence
- A dynamic and competitive securities industry that provides investment opportunities and access to capital

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