



Citation: 2020 BCSECCOM 167

Notice of Hearing

**DFRF Enterprises LLC (DFRF Massachusetts), DFRF Enterprises, LLC (DFRF Florida), Daniel Fernandes Rojo Filho, Heriberto C. Perez Valdes,
(together, the US Principals)**

**Monita Hung Mui Chan, Sabrina Ling Huei Wei, Justin Colin Villarin,
Marie Joy Vincent, and James Bernard Law
(together, the BC Participants)**

(collectively, the Respondents)

Section 161 of the *Securities Act*, RSBC 1996, c. 418

- ¶ 1 The British Columbia Securities Commission (Commission) will hold a hearing (Hearing) at which the Executive Director will tender evidence, make submissions and apply for orders against the Respondents under sections 161, 162 and 174 of the *Securities Act*, RSBC 1996, c. 418 (the Act), based on the following facts:

Summary

1. Daniel Rojo Fernandes Filho (Filho) orchestrated a fraudulent Ponzi and pyramid scheme that involved selling membership units in DFRF Massachusetts and DFRF Florida (together, DFRF) to investors in the United States and around the world.
2. Filho deceived investors by claiming that investment in DFRF membership units (Investments) would produce extraordinary, no risk returns from DFRF's lucrative gold mining operations (Filho's Fraud).
3. Heriberto C. Perez Valdes (Valdes) was one of the central figures who helped execute Filho's Fraud. Filho and Valdes resided in the United States.
4. A United States court found that the US Principals violated United States laws by committing securities fraud. Based on these findings, the Executive Director is applying for orders against the US Principals under section 161(1), pursuant to section 161(6)(b) of the Act.
5. The BC Participants promoted the Investments in British Columbia and elsewhere when they knew, or reasonably ought to have known the Investments were part of a fraud being perpetrated by Filho. In doing so, they participated in Filho's Fraud and contravened section 57(b) of the Act. Alternatively, they made statements that



they knew, or reasonably ought to have known, were misrepresentations and thereby contravened section 50(1)(d) of the Act.

6. Sabrina Ling Huei Wei (Wei) further contravened section 57(b) of the Act, when she diverted some of the investor funds, intended for DFRF, to an account that she controlled and used that money for her own benefit.

Background

7. DFRF Massachusetts was incorporated in Massachusetts, USA on July 21, 2014. DFRF Florida was incorporated in Florida, USA on April 15, 2013.
8. Filho controlled both DFRF Massachusetts and DFRF Florida, and treated them as if they were the same entity. “DFRF” are the initials of Filho’s full name.
9. Valdes represented himself to be the President of Platinum Swiss Trust. In promotional materials, it purported to be a bank in Switzerland where DFRF deposited monthly returns from the Investments.
10. Valdes travelled to British Columbia in December 2014 to set up the purported “Canadian Headquarters” of DFRF in Vancouver.
11. During the relevant period, each of the BC Participants resided in British Columbia. They were not defendants in the relevant court proceedings in the United States.

Misconduct

Fraud – The US Principals

12. Between June 2014 and August 2015, Filho’s Fraud raised approximately US\$ 15 million from over 1400 investors worldwide.
13. Filho raised this money by claiming at public meetings, in YouTube videos, and in written promotional materials that, among other things:
 - a) DFRF would pay a return of 15% per month on the Investments.
 - b) There was no risk of loss because the Investments were fully insured by a renowned insurance company.
 - c) DFRF could pay such returns because it was producing more than 10 tons of gold per month from mines in Mali, and selling that gold for twice as much as it cost to produce.
 - d) DFRF had other independently verified gold reserves in Brazil.



- e) DFRF was transitioning to a publicly traded company, after which time the Investments could be converted to shares which would be valued three times greater than the invested amount.

(collectively, the Claims)

14. All of the Claims were false. In reality:
 - a) Returns of 15% per month are not possible without risk.
 - b) The Investments were not covered by insurance.
 - c) DFRF was not producing or selling gold in Mali or anywhere else and had no gold reserves.
 - d) DFRF had no independent source of revenue except money received from investors.
 - e) DFRF was not close to becoming a publicly traded company, and had no apparent business operations whatsoever.
15. DFRF was a Ponzi and pyramid scheme that paid US\$ 1.6 million back to investors from the money that was raised and promised 10% commissions to investors who referred other investors. Filho took more than US\$ 6 million out of DFRF for his personal benefit. Valdes received approximately US\$ 521,000 from DFRF.
16. The United States District Court for the District of Massachusetts made default judgment orders and entered final judgment against:
 - a) Valdes on May 13, 2019;
 - b) DFRF on June 5, 2019; and
 - c) Filho on October 22, 2019.

Fraud and Misrepresentation – the BC Participants

17. Between December 2014 and August 2015, the BC Participants participated in Filho's Fraud by promoting the Investments in one or more of the following ways:
 - a) Appearing in promotional videos with Filho.
 - b) Creating or distributing promotional materials.



- c) Organizing, hosting or presenting at private meetings for smaller groups of investors online and in offices and boardrooms in the greater Vancouver area.
 - d) Organizing, hosting or presenting at public meetings for larger groups of investors in hotel suites and ballrooms in downtown Vancouver.
 - e) Forwarding communications from Filho through email and instant messaging platforms.
 - f) Soliciting investors.
 - g) Encouraging and assisting others to solicit investors.
 - h) Distributing application forms and payment instructions to investors and accepting completed applications and payments from them.
18. When promoting the Investments, the BC Participants adopted, repeated and defended the Claims when they knew, or reasonably should have known, those statements were false.
19. 137 investors purchased approximately US\$ 1,152,000 and CAN\$ 2,000 of the Investments through the BC Participants. They lost all of their money without receiving any monthly returns.

Fraud - Wei

20. In or about April 2015, Wei began instructing some investors to deposit the payment for their Investments into a specific account.
21. At least five investors paid for their Investments by depositing funds into that account from April through June, 2015.
22. Wei controlled the account and used CAN\$ 90,000 of these funds for her own benefit. This included making cash withdrawals and paying personal loans unrelated to DFRF.



Hearing Process

- ¶ 2 The Respondents or their counsel are required to attend at the 12th Floor Hearing Room, 701 West Georgia Street, Vancouver, British Columbia, on **Wednesday, July 15, 2020, at 9:00 a.m.** if they wish to be heard before the Commission sets a date for the Hearing. Relevant information gathered by Commission Staff in the investigation of this matter will be disclosed to the Respondent upon request to the Executive Director.

- ¶ 3 At the Hearing, the Respondents may be represented by counsel, make submissions and tender evidence. The Respondents are requested to advise the Commission of their intention to attend the Hearing by informing the Hearing Office at PO Box 10142, Pacific Centre, 701 West Georgia Street, Vancouver, BC V7Y 1L2 phone: (604) 899-6500; email: commsec@bcsc.bc.ca.

- ¶ 4 If the Respondents or their counsel do not appear at the Hearing, the Executive Director will apply to have questions of liability and sanction heard at the same time. Determinations adverse to the Respondents may be made in their absence.

- ¶ 5 Peter J. Brady
Executive Director