

SFC obtains court orders to freeze bank accounts in suspected Pyramid and Ponzi scheme

22 Mar 2017

The Securities and Futures Commission (SFC) today obtained an interim order from the Court of First Instance to freeze approximately \$2.66 million in the bank accounts of Mr Heriberto C. Perez Valdes in connection with a suspected Pyramid and Ponzi scheme (Notes 1 & 2).

The SFC alleges that Valdes was involved in the scheme operated by DFRF Enterprises LLC and DFRF Enterprises, LLC (collectively, DFRF) and their founder, Mr Daniel Fernandes Rojo Filho.

Under the scheme, a number of Hong Kong investors were misled by Filho into investing in DFRF, believing in Filho's claim that DFRF was to be listed in the US when in fact this was not the case. They went on depositing money into various bank accounts in Hong Kong, including those held under Valdes' name.

Neither Filho nor DFRF hold SFC's licences to deal in or advise on securities.

As part of the proceedings, the SFC obtained an interim freezing order on 13 December 2016 against Sealand Trading (Hong Kong) Limited (Sealand Trading) which the SFC alleges also received investors' monies under the scheme.

The interim orders will remain in force until the hearing of the SFC's application for final orders against all parties, the date of which has yet to be fixed.

The SFC's investigation is continuing.

End

Notes:

1. The proceedings were commenced under section 213 of the Securities and Futures Ordinance (SFO).
2. Under section 107(1) of the SFO, it is an offence to make fraudulent or reckless misrepresentations for the purpose of inducing another person to enter into an agreement to trade securities. Under section 114(1) of the SFO, it is an offence for a person to carry on a business of dealing in or advising on securities without a licence or represent to do the same. Under section 109(1) of the SFO, it is an offence for a person to issue an advertisement in which he represents himself as being prepared to carry on a regulated activity without a licence. Under section 103(1) of the SFO, it is an offence to issue marketing material to the public for securities that is not SFC authorized.
3. DFRF and Sealand Trading have been added to the Alert List on the SFC website, which lists firms that are unlicensed in Hong Kong and suspected to be targeting Hong Kong investors or claiming to have an association with Hong Kong.

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