



U.S. Securities and Exchange Commission

U.S. SECURITIES AND EXCHANGE COMMISSION

Litigation Release No. 23296 / July 2, 2015

Securities and Exchange Commission v. DFRF Enterprises LLC, et al.,
Civil Action No. 1:15 cv 12857-PBS (United States District Court for
the District of Massachusetts)

SEC Halts Pyramid/Ponzi Scheme Targeting Spanish and Portuguese-Speaking Communities

The Securities and Exchange Commission today announced fraud charges and an asset freeze against the operators of a pyramid and Ponzi scheme falsely promising a gold mine of investment opportunity to investors in Spanish and Portuguese-speaking communities in Massachusetts, Florida, and elsewhere in the U.S.

The SEC alleges that DFRF Enterprises, named for its founder Daniel Fernandes Rojo Filho, claimed to operate more than 50 gold mines in Brazil and Africa, but the company's revenues came solely from selling membership interests to investors and not from mining gold. With the help of several promoters, they lured investors with such false promises as their money would be fully insured, DFRF has a line of credit with a Swiss private bank, and one-quarter of DFRF's profits are used for charitable work in Africa. The scheme raised more than \$15 million from at least 1,400 investors by recruiting new members in pyramid scheme fashion to keep the fraud afloat, and commissions were paid to earlier investors in Ponzi-like fashion for their recruitment efforts. The SEC further alleges that Filho has withdrawn more than \$6 million of investor funds to buy a fleet of luxury cars among other personal expenses.

According to the SEC's complaint filed June 30 and unsealed today in federal court in Boston, Filho is a Brazilian native who lives in Winter Garden, Fla., and he orchestrated the scheme with assistance from six promoters also charged in the case: Wanderley M. Dalman of Revere, Mass., Gaspar C. Jesus of Malden, Mass., Eduardo N. Da Silva of Orlando, Fla., Heriberto C. Perez Valdes of Miami, Jeffrey A. Feldman of Boca Raton, and Romildo Da Cunha of Brazil.

The SEC alleges that Filho and others began selling "memberships" in DFRF last year through meetings with prospective investors primarily in Massachusetts hotel conference rooms, private homes, and businesses. DFRF promoted the investment opportunity through online videos in which Filho falsely claimed that the company had registered with the SEC and its stock would be publicly traded. As DFRF's marketing reach widened, membership sales dramatically increased from under \$100,000 in June 2014 to more than \$4 million in March 2015 alone.

The SEC's complaint alleges that all defendants violated the antifraud provisions of Section 17(a) of the Securities Act of 1933 and Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, and registration provisions Section 5(a) and 5(c) of the Securities Act.

The SEC's investigation was conducted by Caitlyn M. Campbell, Mark Albers, John McCann, Frank C. Huntington, and Michele T. Perillo of the SEC's Boston Regional Office, and assisted by Carlos Costa-Rodrigues in the agency's Office of International Affairs.

The SEC appreciates the assistance of the U.S. Attorney's Office for the

District of Massachusetts, the Boston field office of the Federal Bureau of Investigation, the Massachusetts Securities Division of the Massachusetts Secretary of Commonwealth's office, the Office of the Commissioner of Financial Institutions of the Commonwealth of Puerto Rico, the British Columbia Securities Commission, the Swiss Financial Market Supervisory Authority, the Financial Services Commission of Barbados, and the United Kingdom Financial Conduct Authority.

▶ [SEC Complaint](#)

<http://www.sec.gov/litigation/litreleases/2015/lr23296.htm>

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Modified: 07/02/2015

UNITED STATES DISTRICT COURT
DISTRICT OF MASSACHUSETTS

_____)	
SECURITIES AND EXCHANGE COMMISSION,)	
)	
Plaintiff,)	
)	
v.)	Case No.
)	
DFRF ENTERPRISES LLC,)	JURY TRIAL DEMANDED
DFRF ENTERPRISES, LLC,)	
DANIEL FERNANDES ROJO FILHO,)	
WANDERLEY M. DALMAN,)	
GASPAR C. JESUS,)	
EDUARDO N. DA SILVA,)	
HERIBERTO C. PEREZ VALDES,)	
JEFFREY A. FELDMAN and)	
ROMILDO DA CUNHA,)	
)	
Defendants.)	
_____)	

COMPLAINT

Plaintiff Securities and Exchange Commission (“the Commission”) alleges the following against defendants DFRF Enterprises LLC, DFRF Enterprises, LLC, Daniel Fernandes Rojo Filho, Wanderley M. Dalman, Gaspar C. Jesus, Eduardo N. Da Silva, Heriberto C. Perez Valdes, Jeffrey A. Feldman, and Romildo Da Cunha, and hereby demands a jury trial:

PRELIMINARY STATEMENT

1. This case involves an ongoing fraudulent offering of securities and Ponzi and pyramid scheme orchestrated by Daniel Fernandes Rojo Filho, promoted by the other defendants, and conducted through DFRF Enterprises LLC (a Massachusetts company) and DFRF Enterprises, LLC (a Florida company) (collectively, “DFRF”). In the summer of 2014, Filho began selling “memberships” in DFRF through meetings with prospective investors, many of which took place in Massachusetts. Since October 2014, Filho has promoted DFRF primarily

through videos available to the public on the internet. The other defendants have assisted Filho in important ways and have promoted DFRF in videos.

2. The defendants' sales pitch combines stories about lucrative gold mines, promises of remarkable returns, pledges to help the needy, and appeals to join the DFRF "family". The defendants claim that DFRF owns more than 50 gold mines in Brazil and Africa, produces 13 to 16 metric tons of gold per month, and makes a gross return of 100% on every kilogram it produces. They claim that DFRF has a credit line with a Swiss private bank to triple its available funds, uses 25% of its profits for charitable work in Africa, offers a 10% credit for recruiting new members, and pays 15% per month to investors. They also claim that the investors' money is fully guaranteed by a worldwide insurance company.

3. Since late March 2015, the defendants have claimed that DFRF is registered with the Commission, its stock is about to become publicly traded, and current investors may convert their membership interests into stock options at \$15.06 per share. At first, Filho represented that public trading would start in mid-April 2015. Since then, he has announced several delays and offered various excuses. On June 17, 2015, he claimed that, although public trading has not begun, the value of DFRF stock now exceeds \$64 per share.

4. Virtually all of the defendants' public statements about DFRF have been materially false and misleading. There are no gold mines. There is no credit line. There is no charity work. There is no stock registration. There is no insurance. Nevertheless, from June 2014 through May 2015, DFRF raised more than \$15 million from more than 1,400 investors worldwide. The U.S. investors have been drawn primarily from the Spanish and Portuguese-speaking communities in Massachusetts, Florida, and elsewhere.

5. The investors' money has not been used to conduct gold mining, pay for a credit line, purchase insurance, or endow charitable activities. DFRF has received no proceeds from

mining operations or any credit line. To date, DFRF has paid approximately \$1.6 million back to investors. Because it has no independent source of revenue, it is apparent that, in classic Ponzi-scheme fashion, DFRF is using money from some investors to pay other investors.

6. Filho has also used the investors' money for his personal benefit. Since June 2014, he has siphoned more than \$6 million out of DFRF – approximately 40% of the total received from investors. This includes more than \$1.8 million in cash withdrawals, approximately \$1.8 million for personal expenses (including \$500,000 for travel), and almost \$2.5 million to acquire a fleet of luxury automobiles.

7. Through the activities alleged in this Complaint, the defendants have engaged and are still engaged in: (a) fraudulent or deceptive conduct in connection with the purchase or sale of securities, in violation of Section 10(b) of the Securities Exchange Act of 1934 (“Exchange Act”) and Rule 10b-5 thereunder; (b) fraud in the offer or sale of securities, in violation of Section 17(a) of the Securities Act of 1933 (“Securities Act”); and (c) the sale of unregistered securities, in violation of Sections 5(a) and 5(c) of the Securities Act.

8. To halt the defendants' ongoing unlawful conduct, maintain the status quo, and preserve any remaining assets for defrauded investors before entry of a final judgment, the Commission seeks emergency equitable relief, including a temporary restraining order and preliminary injunction, to: (a) prohibit the defendants from continuing to violate the relevant provisions of the federal securities laws; (b) freeze their assets; (c) prohibit them from soliciting or depositing money from actual or prospective investors, and from opening new accounts at any bank, brokerage firm, or other financial institution; (d) require them to submit an accounting of investor money and other assets in their possession; (e) require them to repatriate all money obtained from investors that is now located outside the United States; (f) prohibit them from destroying relevant evidence; and (g) authorize the Commission to conduct expedited discovery.

9. The Commission also seeks: (a) a permanent injunction prohibiting the defendants from further violations of the relevant provisions of the federal securities laws; (b) disgorgement of the defendants' ill-gotten gains, plus prejudgment interest; and (c) civil penalties due to the egregious nature of the defendants' violations.

JURISDICTION

10. The Commission seeks a permanent injunction and disgorgement pursuant to Section 20(b) of the Securities Act [15 U.S.C. §77t(b)] and Section 21(d)(1) of the Exchange Act [15 U.S.C. §78u(d)(1)]. The Commission seeks the imposition of civil penalties pursuant to Section 20(d) of the Securities Act [15 U.S.C. §77t(d)] and Section 21(d)(3) of the Exchange Act [15 U.S.C. §78u(d)(3)].

11. This Court has jurisdiction over this action pursuant to Sections 20(d) and 22(a) of the Securities Act [15 U.S.C. §§77t(d), 77v(a)] and Sections 21(d), 21(e) and 27 of the Exchange Act [15 U.S.C. §§78u(d), 78u(e), 78aa]. Venue is proper in this District because one of the DFRF entities is organized here, two of the individual defendants (Dalman and Jesus) live here, many of the meetings with prospective investors took place here, and a significant number of investors are located here.

12. In connection with the conduct described in this Complaint, the defendants directly or indirectly have made use of the mails or the means or instruments of transportation or communication in interstate commerce.

13. The defendants' conduct has involved fraud, deceit, or deliberate or reckless disregard of regulatory requirements, and has resulted in substantial loss, or significant risk of substantial loss, to other persons.

DEFENDANTS

14. **DFRF Enterprises LLC** is a Massachusetts limited liability company. **DFRF Enterprises, LLC** is a Florida limited liability company. Filho is the founder and manager of both entities. The name “DFRF” consists of his initials. Filho organized the Florida entity in April 2013, but prior to the summer of 2014, he did not claim that DFRF was involved in gold mining. Filho organized the Massachusetts entity in July 2014, just after he began soliciting investors for DFRF’s purported gold mining business. (Unless further specificity is needed, the two entities will be referred to collectively as “DFRF.”)

15. **Daniel Fernandes Rojo Filho**, age 47, is a native of Brazil who lives in Winter Garden, Florida. He is the founder and manager of both DFRF entities. In January 2010, he was named as a target in a federal civil forfeiture proceeding in Florida arising from allegations about drug trafficking, money laundering, and a Ponzi scheme. In August 2010, a default was entered against him in that proceeding. In August 2013, he consented to the civil forfeiture of more than \$25 million held in bank accounts in the names of his minor children and two businesses that he controlled. He has made materially false and misleading statements about DFRF in public meetings and videos posted on the internet.

16. **Wanderley M. Dalman**, age 49, lives in Revere, Massachusetts. He is an authorized representative of both DFRF entities. He has made materially false and misleading statements about DFRF in public meetings and videos posted on the internet.

17. **Gaspar C. Jesus**, age 54, lives in Malden, Massachusetts. He is an authorized representative of both DFRF entities. He has made materially false and misleading statements about DFRF in public meetings and videos posted on the internet.

18. **Eduardo N. Da Silva** (“Silva”), age 40, lives in Orlando, Florida. He is an authorized representative of both DFRF entities. He has made materially false and misleading statements about DFRF in public meetings and videos posted on the internet.

19. **Heriberto C. Perez Valdes**, age 46, lives in Miami, Florida. He is a manager of the Massachusetts DFRF entity with responsibility for “all administrative and executive work”. He is also an administrator of Platinum Swiss Trust, a purported Swiss private bank that is not actually authorized to conduct banking activities in Switzerland. He has made materially false and misleading statements about DFRF in public meetings and videos posted on the internet.

20. **Jeffrey A. Feldman**, age 56, lives in Boca Raton, Florida. He is the sole officer and director of Universal Marketing Group, Inc., a Florida corporation. He claims to be the U.S. representative of Accedium Insurance Company (“Accedium”), which is based in Barbados and London. In July 2007, he filed for personal bankruptcy. In 1998, he was found guilty of fraud and forgery for having received \$2.5 million in premiums from a rental car chain for insurance policies that he did not actually obtain. In 1996, the state of Florida revoked his license to sell insurance after he pleaded no contest to charges that he submitted false insurance claims for losses he supposedly suffered from Hurricane Andrew. He has made materially false and misleading statements about DFRF in public meetings and videos posted on the internet.

21. **Romildo Da Cunha** (“Cunha”), age 48, lives in Brazil. Since 2002, he has been in the business of training the promoters of multi-level marketing (“MLM”) programs. He has made materially false and misleading statements about DFRF in public meetings and videos posted on the internet.

FACTUAL ALLEGATIONS COMMON TO ALL COUNTS

Solicitation through Meetings with Prospective Investors

22. In the summer and fall of 2014, Filho attended meetings with prospective investors in hotel conference rooms, private businesses, and private homes to raise money for DFRF. Many of the meetings with prospective investors took place in Massachusetts. As detailed in the following paragraphs, Filho made ten trips to Massachusetts between June and November 2014, spending a total of more than three months in the Boston area. Dalman, Jesus, Silva and Valdes introduced Filho to prospective investors, accompanied him to some of the meetings, met with prospective investors without him, and sometimes collected the investors' money in the form of cash or checks.

23. In June 2014, Filho made three trips to Boston. DFRF raised more than \$83,000 from investors in June 2014.

24. In July 2014, Filho made two trips to Boston. On July 21, 2014, he organized the Massachusetts DFRF entity. Two days later, he opened three bank accounts for DFRF, indicating that its address was in Framingham, Massachusetts. The accounts were used to hold funds from investors. DFRF raised more than \$113,000 from investors in July 2014.

25. In August 2014, Filho made two trips to Boston, staying for more than two weeks. Silva joined him for at least two days. DFRF raised more than \$260,000 from investors in August 2014.

26. On September 18, 2014, Filho and Valdes stayed at a hotel in Boston. The next day, Filho opened three bank accounts for DFRF at a second bank, indicating that DFRF's address was in Boston. The accounts were used to hold funds from investors.

27. On September 22, 2014, Filho returned to Boston, and he stayed in downtown hotels continuously until November 19, 2014 – nearly two months. Filho brought several family

members on the trip, and the total hotel cost paid by DFRF was more than \$105,000. On October 3, 2014, Valdes joined Filho in Boston, and he opened two bank accounts for DFRF at a third bank. The accounts were used to hold funds from investors. Filho returned to Boston for a brief trip on November 30, 2014.

28. DFRF raised more than \$323,000 from investors in September 2014 and more than \$587,000 in October 2014.

29. In the meetings with prospective investors, the defendants represented that, among other things, DFRF operates gold mines in Africa, has a credit line with a Swiss bank, and pays investors up to 15% per month. They also represented that investors receive a 10% credit for each new “member” they recruit, and that the investors’ money is fully insured. As detailed below, virtually all of the defendants’ public statements about DFRF at the meetings with prospective investors were materially false and misleading.

30. Investors received a Private Placement Memorandum (“PPM”), which stated that DFRF is in the business of operating gold mines, is raising up to \$3.5 billion, and is going to obtain credit facilities to increase its rate of return. The PPM also stated that the minimum investment is \$1,000.

31. Investors received a “Certificate of Membership.” Many of the certificates were signed by Dalman and Jesus for DFRF.

32. Investors received a letter, purportedly from Accedium, stating that their investment in DFRF is fully guaranteed. The document appears to bear the signature of an “authorized signatory” for Accedium, but the signer is not identified by name on the document, and the signature is illegible.

Solicitation through Public Meetings and the Internet

33. In October 2014, the defendants began promoting DFRF through videos available to the public on the “YouTube” website. DFRF also posted videos on its own website. Most of the videos feature Filho, but Dalman, Jesus, Silva, Valdes, Feldman and Cunha appear as well. Virtually all of the defendants’ public statements about DFRF in these videos, including those detailed below, have been materially false and misleading.

34. In a video dated October 12, 2014, Filho states that DFRF owns gold reserves in Brazil worth at least \$4.2 billion (as valued by an independent engineering firm), it spends \$20,000 to produce a kilogram of gold that it sells for \$40,000 (a gross profit of 100%), it plans to raise the African country of Mali from second to first in world gold production (at 60,000 tons per year worth \$2.4 billion), it has a \$3.1 billion credit line with a Swiss bank (thanks to Valdes), it uses the investors’ money to “leverage” the credit line and generate a total return of 600%, it has 20,000 members and more than \$2.4 billion in capital, the investors receive a 10% referral fee for bringing in new members, and the investors’ money is fully insured. In the video, Valdes states that members will soon receive a debit card so they can use their balance with DFRF to make purchases and cash withdrawals.

35. On October 16, 2014, DFRF sponsored a public event on a cruise ship in Boston harbor. Several videos of the event were posted on the internet. In one video, Filho states that DFRF makes a gross profit of 100% on its gold production in Africa, it needs the investors’ money to “leverage” its credit line in Switzerland and triple its available funds, it pays 15% per month to investors (but cannot promise to do so without violating the law), and the investors’ money is fully insured. In a second video, Valdes states that the investors’ money is held in Switzerland and is fully guaranteed. In a third video, Feldman states that he is “part of”

Accedium and his firms have provided risk insurance to Filho's businesses for the past six years without ever receiving a claim.

36. DFRF raised more than \$587,000 from investors in October 2014 and more than \$178,000 in November 2014. Thereafter, the pace of new investments accelerated as Filho and the other defendants began flooding the internet with videos.

37. In a video dated December 8, 2014, Cunha introduces Feldman as "the person responsible for the insurance company" and Valdes as "the person responsible for Platinum Swiss Trust". Feldman states that Accedium insures 100% of the members' principal and his firms have insured Filho's businesses for seven years without receiving a claim.

38. In a video dated December 10, 2014, Filho states that DFRF obtains insurance from Accedium through Feldman in Florida, it provides Accedium with \$7 million in collateral, and it pays a premium equal to 7% of the amount insured.

39. In a video dated December 20, 2014, Valdes states that Platinum Swiss Trust provides "leverage" so DFRF can triple its available funding.

40. DFRF raised more than \$959,000 from investors in December 2014.

41. In a video dated January 13, 2015, Silva (identified as DFRF's General Manager) notes that many DFRF investors live near Framingham, Massachusetts, and states that DFRF is resolving practical problems with the debit cards.

42. In a video dated January 14, 2015 (and later posted on DFRF's own website), Filho states that DFRF produces gold in Mali and has gold reserves in Brazil, its gold mining yields a gross profit of 100%, it solicits public investments so it can "leverage" its credit line to triple its available funds and pay investors up to 15% per month, it donates 25% of its profits to charity, it has more than 21,000 members, and the investors' funds are insured and "100% safe".

43. In a video dated January 28, 2015, Jesus states that, for a limited period, members who invest more than \$10,000 will be credited with an additional 10%, and DFRF is now accepting investments in the form of tangible assets (as long as the investor also invests a comparable amount in cash).

44. DFRF raised more than \$724,000 from investors in January 2015.

45. In a video dated February 2, 2015, Filho states that members will be fully insured for the value of any non-cash investments.

46. In two videos dated February 11, 2015, Silva appears to use a DFRF debit card to withdraw cash from an ATM and make payments at a retail store and restaurant. The unidentified narrator states that Silva is testing the first functional debit card. Silva states that DFRF is going to distribute the cards over the next two weeks.

47. On February 25, 2015, the *MetroWest Daily News* carried an article about a class action suit recently filed against DFRF and Filho in Massachusetts state court. Filho denied that DFRF is a pyramid scheme and suggested that the plaintiffs had confused DFRF with "TelexFree", a \$340 million pyramid scheme based in Massachusetts that is the subject of a pending enforcement action brought by the Commission.

48. In a video dated February 27, 2015, Filho claims that unnamed "enemies" want to destroy DFRF, and that its new reserves have more than 500 tons of gold.

49. DFRF raised more than \$1 million from investors in February 2015.

50. In a video dated March 11, 2015, Filho states that DFRF has entered into an agreement with a credit card processor to handle a new version of the debit cards.

51. In a video dated March 25, 2015, Filho states that DFRF has registered with the Commission, is going to become a public company in April, and is worth \$30 billion.

52. In another video dated March 25, 2015, Jesus warns investors never to refer to DFRF as an “investment company”.

53. DFRF raised more than \$4.3 million from investors in March 2015.

54. In a video dated April 14, 2015, Dalman states that DFRF has 80 gold mines, its gold reserves are worth more than \$1 trillion, its gold operations yield a gross profit of 100%, the investors’ funds are transferred directly to Platinum Swiss Trust, it needs the investors’ money so it can “leverage” its credit line with Platinum Swiss Trust and triple its available funds, its gold operations and credit line generate a total return of 600%, it pays investors 15% per month (although it cannot promise to pay a specific amount because that would make it an “investment company”), it uses its profits to help the poor in Africa, it is now registered with the Commission, investors receive a 10% credit for bringing in new members, and the investors’ money is fully insured.

55. In a video dated April 23, 2015, Dalman states that DFRF has almost 80 gold mines and gold reserves worth \$1.24 trillion, its gold operations and credit line with Swiss Platinum Trust generate a total return of 600%, it pays 15% per month to investors, and the investors’ money is fully insured by Accedium, a AAA-rated company.

56. In a video dated April 24, 2015, Filho states that DFRF has acquired a credit card platform, investors will soon receive the new debit cards, and DFRF delayed the start of public trading so that certain large investors could make further investments. He also predicts that the stock price will quickly jump from \$15 to \$50 per share after trading begins.

57. DFRF raised more than \$2.5 million from investors in April 2015.

58. In a video dated May 1, 2015, Cunha states that DFRF produces nearly 12 metric tons of gold per month, its mining operations yield a gross profit of 100%, it has nearly 10,000 employees, it has a credit line with Platinum Swiss Trust, it uses the investors’ money to

“leverage” the credit line and pay investors 15% per month, it uses its profits to help the poor, investors will soon receive new debit cards sponsored by Platinum Swiss Trust, and the investors’ funds are in the Swiss bank and are fully insured by Accedium (“a prime insurance company”).

59. In the video dated May 1, 2015, Filho states that DFRF delayed the start of public trading of its stock at the request of certain large investors, public trading in DFRF stock will begin on May 5, the initial trading price will be \$15.06 per share, “specialists” predict that the price may reach \$50 per share within thirty days of trading, members will receive preferred stock that will be fully insured, DFRF will continue to pay 15% per month in the form of dividends rather than interest, and thousands of people depend on DFRF for food and schooling.

60. In a video dated May 5, 2015, Filho states that DFRF stock is already “operating” in the market (although he cannot disclose the trading symbol), the process of converting memberships into stock options will take until June 3, the price of DFRF stock is expected to reach \$50 per share very quickly, and investors will receive the new debit cards within a few days.

61. In a video dated May 10, 2015, Filho states that DFRF is already public (although trading will not begin until the conversion process is finished), it is holding the conversion price at \$15 per share until June 1, it will continue to pay 15% per month in the form of dividends, it is about to start printing the new debit cards, and it has a new online platform through which members can sell their shares back to the company or transfer the balance to their debit cards.

62. In another video dated May 10, 2015, Filho states that DFRF is already public, it is sending authorization forms for members to convert their interests into stock, its preferred stock will have the same insurance and monthly returns as the membership interests, it has set the offering price at \$15.06 per share based on an independent evaluation, it is going to accept

new investments at that price until June 3 (although the price may rise to \$50 per share within 30 days), it has just purchased a credit card processing firm so it can finally issue the new debit cards, and it is withholding the trading symbol and the name of the exchange until June 3.

63. In a video dated May 28, 2015, Dalman states that the price of DFRF stock has already tripled (from \$15 to almost \$50 per share), he cannot disclose the trading symbol because of “attacks”, DFRF works with Swiss Platinum Trust to triple its available funds, the combination of gold mining and the credit line generates a total return of 600% from which it pays investors 15% per month, and the investors’ money is insured by Accedium.

64. DFRF raised more than \$4.1 million from investors in May 2015.

65. In a video dated June 3, 2015, Filho states that the deadline for investing at \$15 per share is being extended until June 5 and, for following two weeks, the price will be \$35 per share. He states that outside interference with DFRF’s computers has delayed the conversion process, DFRF is still withholding the stock symbol “for your protection and for our protection”, the value of its stock has surpassed \$50 per share (although the stock is not “officially” in the market), it supports more than 75,000 families and nearly 200,000 children worldwide, and it has begun distributing the new debit cards.

66. In a video dated June 17, 2015, Filho states that the value of DFRF stock has surpassed \$64 per share, investors have three days to visit DFRF’s internal website and release the funds in their account for conversion into stock options, investors in the U.S. will receive checks for the full amount of their investment and will have thirty days to reinvest the money with DFRF (supposedly to comply with the Commission’s regulations), DFRF is continuing to distribute the new debit cards, it has identified more than 100 persons who became members only in order to disrupt its work and complain to the government, and it does not intend to defraud anyone and is committed to fixing any “technical violations”.

67. In a video dated June 18, 2015, Filho states that DFRF has secretly acquired a public company that he declined to identify and has increased its gold production capacity to 16 tons per month. Dalman states that investors in the U.S. will receive checks for the full amount of their investment and will have thirty days to reinvest the money with DFRF at the special price of \$15.06 per share, while non-U.S. investors have until midnight on June 22 to convert their membership interests. Jesus states that non-U.S. investors will not lose out if problems with DFRF's computers prevent them from converting their interests before June 22.

The Defendants' Material Misrepresentations

68. As set forth above, starting in June 2014 and continuing to the present day, Filho and the other individual defendants have made numerous representations about DFRF in public meetings and videos posted on the internet, including but not limited to: (1) DFRF has more than 50 gold mines and gold reserves, and it produces 12 to 16 metric tons of gold per month with a gross profit of 100%; (2) DFRF has a credit line with Platinum Swiss Trust, a private Swiss bank; (3) DFRF uses funds from investors to "leverage" the credit line, triple its available funds, and generate an overall return of 600%; (4) DFRF spends 25% of its profits on charitable work in Africa; (5) DFRF pays 15% per month to investors; (6) DFRF has registered with the Commission and its stock is about to become publicly traded; and (7) the investors' principal is fully guaranteed by Accedium, a top-rated insurance company. The defendants knew or were reckless in not knowing that these representations were materially false and misleading.

69. There are no gold mines, no gold reserves, or no gold operations. DFRF bank documents indicate that none of the investors' money has been used to conduct gold mining, and DFRF has received no proceeds from gold mining operations.

70. There is no independent verification of DFRF's claims about its reserves. The engineering firm that Filho identified in the October 12, 2014 video posted a disclaimer on its website denying that it ever provided services to DFRF.

71. The defendants' claims about DFRF's gold production and reserves are inconsistent with the realities of world gold production. Far from being the world's second largest gold producer (as Filho represented in the December 10, 2014 video), Mali is not in the top twelve, according to the U.S. Geological Survey. Mali produces 40 to 50 metric tons of gold per year – far less than the approximately 150 to 190 tons (12 or 16 tons per month) that DFRF supposedly produces. Brazil's gold reserves are 9,800 metric tons and Mali's reserves are 600 metric tons. At the current market price of approximately \$3.77 million per metric ton, the combined reserves of Brazil and Mali are worth approximately \$39 billion – far less than the \$1.4 *trillion* of reserves that DFRF supposedly possesses.

72. There is an entity called Platinum Swiss Trust, and Valdes is listed as its administrator. However, the Swiss Financial Market Supervisory Authority has issued a public warning that the company is not authorized to conduct banking activities there. DFRF bank documents reflect that DFRF has received no proceeds from a credit line with Platinum Swiss Trust and, in fact, has had no banking transactions with it at all. The Federal Reserve Bank of New York has not located a single wire transfer in which Platinum Swiss Trust was involved.

73. Bank documents reflect no spending by DFRF on any charitable activities in Africa or anywhere else.

74. DFRF has not registered, or attempted to register, its stock with the Commission.

75. DFRF distributed debit cards to some investors in early 2015. As detailed above, Filho and other defendants made public statements that the cards enabled investors to use their balance with DFRF to make purchases or cash withdrawals. However, despite the videos

showing Silva supposedly using one of the cards, the cards were not linked to the investors' balances at DFRF and could not be used for purchases or withdrawals. Starting in April 2015, as detailed above, Filho and other defendants announced that DFRF was about to distribute, or was in the process of distributing, a new version of the debit cards. However, DFRF has not distributed any new cards.

76. There is a real company called Accedium Insurance Company registered in Barbados and London. However, it is not a top-rated insurance company. In fact, none of the four leading rating services (A.M. Best, Fitch, Moody's, and Standard & Poor's) assigns it a rating. DFRF bank documents reflect that DFRF has paid no premiums to Accedium and, in fact, has had no banking transactions with it at all.

77. Feldman is a Florida resident who claims that he handles Accedium's insurance business with DFRF. However, Feldman is a convicted felon, and Florida revoked his license to sell insurance in 1996. Neither Accedium nor Feldman's business, Universal Marketing Group, is licensed to sell insurance in Florida.

The Ponzi Scheme and the Diversion of Investor Funds

78. Bank documents reflect that, from June 2014 through May 2015, DFRF received more than \$15 million from more than 1,400 investors worldwide (not the 21,000 investors claimed by Filho on several occasions). The pace of investment accelerated substantially after Filho and the other defendants began promoting DFRF through videos on the internet. From June through September 2014, receipts from investors averaged approximately \$195,000 per month. In October 2014, when DFRF posted its first videos, receipts from investors jumped to more than \$587,000. From December 2014 through February 2015, receipts from investors

averaged approximately \$893,000 per month. In March 2015, when Filho announced that DFRF had registered with the Commission and its stock was going to be publicly traded, receipts from investors soared to more than \$4.3 million. The high rate of investment has continued. DFRF raised more than \$2.5 million from investors in April 2015 and more than \$4.1 million in May 2015.

79. Bank documents reflect that, from June 2014 through May 2015, DFRF had no independent source of revenue except the money received from investors. The documents also indicate that, during the same period, DFRF paid approximately \$1.6 million to investors for the return of principal or purported monthly payments. Lacking another source of revenue, it is apparent that DFRF made those payments only by recycling a portion of the funds received from other investors. In other words, DFRF is using money received from some investors to pay other investors – the hallmark of a Ponzi scheme.

80. Bank documents reflect that, since June 2014, Filho has siphoned more than \$6 million out of DFRF – approximately 40% of the total received from investors. This includes approximately \$1.8 million in cash withdrawals, \$1.8 million for personal and family expenses (including \$500,000 for travel), and \$2.5 million to acquire a fleet of luxury automobiles: a 2014 Rolls Royce, a 2015 Lamborghini, a 2014 Lamborghini, a 2012 Ferrari, a 2006 Ferrari, a 2013 Mercedes, a 2015 Cadillac, and a 2014 Cadillac.

81. In addition, Filho has caused DFRF to pay more than \$310,000 for the benefit of Sanderley Rodrigues de Vasconcelos (“Rodrigues”). Rodrigues is the subject of a 2007 consent judgment in a Commission enforcement action concerning the “Universo Foneclub” pyramid scheme, and he is a defendant in the Commission’s pending enforcement action concerning the “TelexFree” pyramid scheme. On March 21, 2015, Filho caused DFRF to pay \$50,000 to a business belonging to Rodrigues. (The payment was made less than one month after Filho

publicly denied any link between DFRF and TelexFree.) On March 30, 2015, Filho caused DFRF to pay \$100,000 to the same business. On April 2, 2015, Filho caused DFRF to supply more than \$160,000 so that another business belonging to Rodrigues could purchase a 2008 Lamborghini sports car. There is no evidence that Rodrigues provided any services or other benefit to DFRF.

82. The other individual defendants have also received payments from DFRF. Bank documents reflect that, since June 2014, DFRF has paid approximately \$521,000 to Valdes, \$252,000 to Feldman, \$221,000 to Silva, \$56,000 to Jesus, \$51,000 to Dalman, and \$33,000 to Cunha. The amount of checks and cash that the individual defendants collected directly from investors is currently unknown.

FIRST CLAIM FOR RELIEF
(Violation of Section 10(b) of the Exchange Act and Rule 10b-5)

83. The Commission repeats and incorporates by reference the allegations in paragraphs 1-82 of the Complaint as if set forth fully herein.

84. The investments in DFRF offered by the defendants constitute a “security” for purposes of Section 3(a)(10) of the Exchange Act [15 U.S.C. §78c(a)(10)].

85. The defendants, directly or indirectly, acting intentionally, knowingly or recklessly, by the use of means or instrumentalities of interstate commerce or of the mails, in connection with the purchase or sale of securities: (a) have employed or are employing devices, schemes or artifices to defraud; (b) have made or are making untrue statements of material fact or have omitted or are omitting to state a material fact necessary to make the statements made, in the light of the circumstances under which they were made, not misleading; or (c) have engaged or are engaging in acts, practices or courses of business which operate as a fraud or deceit upon certain persons.

86. As a result, defendants have violated and, unless enjoined, will continue to violate Section 10(b) of the Exchange Act [15 U.S.C. §78j(b)] and Rule 10b-5 thereunder [17 C.F.R. §240.10b-5].

SECOND CLAIM FOR RELIEF
(Violation of Section 17(a) of the Securities Act)

87. The Commission repeats and incorporates by reference the allegations in paragraphs 1-82 of the Complaint as if set forth fully herein.

88. The investments in DFRF offered by the defendants constitute a “security” for purposes of Section 2(a)(1) of the Securities Act [15 U.S.C. §77b(a)(1)].

89. The defendants, directly and indirectly, acting intentionally, knowingly or recklessly, by the use of the means or instruments of transportation or communication in interstate commerce or by the use of the mails, in the offer or sale of securities: (a) have employed or are employing devices, schemes or artifices to defraud; (b) have obtained or are obtaining money or property by means of untrue statements of material fact or omissions to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or (c) have engaged or are engaging in transactions, practices or courses of business which operate as a fraud or deceit upon purchasers of the securities.

90. As a result, the defendants have violated and, unless enjoined, will continue to violate Section 17(a) of the Securities Act [15 U.S.C. §77q(a)].

THIRD CLAIM FOR RELIEF
(Violation of Section 5(a) of the Securities Act)

91. The Commission repeats and incorporates by reference the allegations in paragraphs 1-82 of the Complaint as if set forth fully herein.

92. DFRF has never been registered with the Commission, and it has never registered or attempted to register any offering of securities under the Securities Act or any class of securities under the Exchange Act.

93. The defendants, directly or indirectly: (a) have made or are making use of the means or instruments of transportation or communication in interstate commerce or of the mails to sell, through the use or medium of a prospectus or otherwise, securities as to which no registration statement has been in effect and for which no exemption from registration has been available; and/or (b) have made or are making use of the means or instruments of transportation or communication in interstate commerce or of the mails to offer to sell, through the use or medium of a prospectus or otherwise, securities as to which no registration statement has been filed and for which no exemption from registration has been available.

94. As a result, the defendants have violated and, unless enjoined, will continue to violate Sections 5(a) and (c) of the Securities Act [15 U.S.C. §§77e(a), (c)].

PRAYER FOR RELIEF

WHEREFORE, the Commission requests that this Court:

A. Enter a temporary restraining order, preliminary injunction, order freezing assets, and order for other equitable relief in the forms submitted with the Commission's motions for such relief;

B. Enter a permanent injunction restraining the defendants, as well as their agents, servants, employees, attorneys, and other persons in active concert or participation with them, from directly or indirectly engaging in the conduct described above, or in conduct of similar purport and effect, in violation of:

1. Section 10(b) of the Exchange Act [15 U.S.C. §78j(b)] and Rule 10b-5 thereunder [17 C.F.R. §240.10b-5];

2. Section 17(a) of the Securities Act [15 U.S.C. §77q(a)]; and
3. Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. §§77e(a), (c)];

C. Require the defendants to disgorge their ill-gotten gains, plus prejudgment interest, with said monies to be distributed in accordance with a plan of distribution to be ordered by the Court;

D. Order the defendants to pay an appropriate civil penalty pursuant to Section 21(d)(3) of the Exchange Act [15 U.S.C. §78u(d)(3)] and Section 20(d) of the Securities Act [15 U.S.C. §77t(d)];

E. Retain jurisdiction over this action to implement and carry out the terms of all orders and decrees that may be entered; and

F. Award such other and further relief as the Court deems just and proper.

Respectfully submitted,



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