

2019 BCSECCOM 102
British Columbia Securities Commission

Bezzaz Holdings Group Ltd. et al., 2019 BCSECCOM 102

**Bezzaz Holdings Group Ltd. dba BGI Canada and BGI Investment (Bezzaz),
Nexus Global Trading Ltd. dba Nexus Distribution Group (Nexus), Todd
Norman John bezzasso, Wei Kai Liao, also known as Kevin Liao, and
Fiorino Corsi (collectively, the Respondents)**

Peter J Brady

Date: March 22, 2019

Reference: Section 161 of the Act

Subject: Securities

¶ 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. Between February 2015 and March 2016, Todd Norman John Bezzasso (Bezzasso) raised approximately \$5 million through a fraudulent scheme operated through his companies Bezzaz and Nexus.
2. As part of the scheme, Bezzasso, Bezzaz and Nexus represented to investors that the companies and products in Bezzaz's portfolio would generate monthly returns. The scheme included giving investors post-dated cheques for the principal and interest they were to receive. In fact, Bezzasso and the corporate respondents knew that Bezzaz would not generate enough returns to pay investors as promised.
3. By February 2015, the business was not earning enough money to pay investors. Bezzasso and the corporate respondents kept the scheme afloat by operating it as a Ponzi scheme, paying some investors with money from other investors.
4. Fiorino Corsi (Corsi) was a finder for Bezzaz and Nexus. He raised \$15,000 from one Nexus investor after he knew that Bezzaz and Nexus were having problems paying investors. He did not disclose this to the investor.
5. Despite not being registered, Wei Kai Liao (Liao) acted as a dealer and an adviser and referred to Bezzaz 27 investors, 16 of whom were his insurance clients. These individuals invested a total of approximately \$1.6 million in Bezzaz. Liao raised \$382,000 of the \$1.6 million after he knew that Bezzaz was having problems paying investors. He did not disclose what he knew to these investors.
6. By engaging in the conduct as set out in this Notice of Hearing, each time they raised money or each time an investor reinvested, Bezzaz, Nexus, Bezzasso, Corsi and Liao breached section 57(b) of the Act. Liao was also in the business of trading and advising without being registered, and breached sections 34(a) and 34(b) of the Act.
7. As the sole director and officer of Bezzaz and Nexus, Bezzasso authorized, permitted or acquiesced in Bezzaz's and Nexus' contraventions of section 57(b) of the Act and therefore contravened the same provision under section 168.2 of the Act.

Background

8. Bezzasso was a British Columbia resident at the relevant time and the sole director and officer of Bezzaz and Nexus.
9. Bezzaz is a company incorporated in British Columbia on February 26, 2010.
10. Nexus is a company incorporated in British Columbia on June 28, 2011.
11. Corsi is a British Columbia resident who acted as an administrative assistant and finder for Bezzaz and Nexus.
12. Liao is a British Columbia resident and was a licensed insurance agent from April 2009 until May 2017. He has never been registered under the Act.

Misconduct

Fraud - Bezzasso, Bezzaz and Nexus

13. Bezzaz was represented as a company that would put investors' money in companies and products in its portfolio that would generate monthly returns. Nexus was represented as one of the companies in Bezzaz's portfolio.
14. Bezzaz offered returns between 5% and 30%, for investment periods of 1 to 6 months, payable monthly.
15. Bezzasso solicited investors personally, and paid commissions to Liao, Corsi and others to find investors. Bezzasso used bank accounts for Bezzaz and Nexus for investors' money.
16. Between February 2015 and March 2016, 85 individuals invested approximately \$5 million in Bezzaz.
17. Most investors received a document along with the terms of their investment called a promissory note or a promissory application, although some investors received only verbal representations.
18. When they invested, most investors received seven post-dated cheques to pay interest and principal.
19. Bezzasso knew that he could not cover the investors' post-dated cheques because:
 - (a) Between December 2014 and March 2016, cheques payable to investors bounced due to insufficient funds in Bezzaz's bank accounts;
 - (b) On February 5, 2015, a bank closed his, Bezzaz's and Nexus' accounts for kiting;
 - (c) He was using personal, family and friends' credit cards as a source of funding for Bezzaz and Nexus;
 - (d) Bezzaz and Nexus had no guaranteed sales from their product distribution contracts; and
 - (e) Bezzaz was a new business with no steady monthly cash flow history.

Fraud - Corsi

20. On November 26, 2015, Corsi sold a \$15,000 Nexus promissory note to an investor. The note offered a one-month investment with a return of 15%. Corsi knew that Bezzaz and Nexus were having problems paying investors but failed to disclose this to the investor.

Fraud - Liao

21. Between September 24, 2015 and December 2, 2015, Liao raised \$382,000 for Bezzaz from 14 investments. At that time, Liao knew that Bezzaz was having problems paying investors. He failed to disclose this to his investors.

Unregistered trading and advising - Liao

22. Between February and December 2015, Liao advised and referred 27 investors to Bezzaz, who went on to invest approximately \$1.6 million. Sixteen of these investors were Liao's insurance clients.

Hearing Process

¶ 2 The hearing in this matter is set to occur on *May 27 - 31, June 3, 4, 6, 7, 10 - 14 & 17, 2019*, starting at *10:00 a.m.* The Respondents or their counsel are required to attend at the 12th Floor Hearing Room, 701 West Georgia Street, Vancouver, British Columbia, for the hearing.

¶ 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 Secretary to the Commission 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