I. CONSENT ORDER

This Consent Order ("Order") is entered into by the Massachusetts Securities Division ("Division") and World Capital Markets, Inc. and WCM777, Inc. (referred to collectively hereinafter as "Respondents") with respect to certain products and services offered to Massachusetts residents by Respondents. In September 2013, the Division opened an investigation into whether Respondents’ activities were in violation of any provisions of MASS. GEN. LAWS ch. 110A et seq. (the "Act"). On November 13, 2013, Respondents submitted an Offer of Settlement ("Offer") to the Division solely for the purpose of settlement of the matter, neither admitting nor denying the Statements of Fact as set forth in Section V herein, and consenting solely for the purposes of these proceedings to the entry of a Consent Order by the Division, consistent with the Offer, thereby settling the matter with prejudice. The Division accepted Respondents’ Offer.

II. JURISDICTION AND AUTHORITY

1. The Massachusetts Securities Division is a division of the Office of the Secretary of the Commonwealth with jurisdiction over matters relating to securities, as provided for by the Act. The Act authorizes the Division to regulate: 1) the offers, sales, and purchases
of securities; 2) those individuals and entities offering and/or selling securities; and 3) those individuals and entities transacting business as investment advisers within the Commonwealth.

2. The Division instituted this action pursuant to the investigation and enforcement authority conferred upon it by §§ 407 and 407A, respectively, of the Act and MASS. GEN. LAWS ch. 30A, wherein the Division has the authority to conduct an investigation and adjudicatory proceeding to enforce the provisions of the Act and all Regulations and rules promulgated thereunder.

3. The proceeding was brought in accordance with §§ 301 and 407A of the Act and its Regulations. Specifically, the acts and practices constituting violations occurred within the Commonwealth of Massachusetts.

III. RELEVANT TIME PERIOD

4. Except as otherwise expressly stated, the conduct described herein occurred during the approximate time period of March 1, 2013 to the present (the “Relevant Time Period”).

IV. RESPONDENTS

5. World Capital Markets, Inc. ("WCM") is a company with a principal place of business at 150 S. Los Robles Ave., Ste. 900, Pasadena, CA 91101. According to one of its websites, www.wcm777.com, WCM is a global merchant bank organized under the laws of the British Virgin Islands. WCM is led by its chairman and president Ming Xu.

6. WCM777, Inc. ("WCM777") is an independent sales company selling cloud services. WCM777, Inc. is led by its founder and president Ming Xu and its CEO Lui Zhi. According to filings with the Nevada Secretary of State, WCM777 was incorporated under the laws of Nevada on March 7, 2013 and dissolved on September 24, 2013. During WCM777’s period of incorporation it had an office at 1218 John Reed Court,
City of Industry, CA 91745. WCM777, Limited is a separate entity organized under the laws of Hong Kong, and has its principal place of business in Hong Kong.

V. STATEMENTS OF FACT

7. Since at least March 1, 2013 WCM777 has been soliciting Massachusetts residents—through websites, webinars, and live presentations—to purchase packages that allow the purchaser to access WCM777’s cloud media services and opportunities to earn various commissions and participate in profit sharing.

OVERVIEW OF WCM777 AND ITS PRODUCTS AND PROGRAMS

8. The packages referenced in paragraph 7 cost $399, $799, $1,199, $1,599 and $1,999, respectively, with the more expensive packages giving the purchaser a greater range of WCM777 cloud media services and higher monetary payouts.\(^1\) For example, an individual that purchases the $399 package receives an account with WCM777 that allows the purchaser access for one year to cloud storage on WCM777’s storage service and also access to WCM777’s cloud music service. The purchaser of this package also becomes eligible to receive various bonuses and commissions for referrals of others who purchase one of the five WCM777 packages and allows for profit-sharing over a 100-day period.

\(^1\) According to WCM777’s marketing materials, the cheapest WCM777 package is the “WCM701: WCM 3 Introductory Package.” This package costs $399, allows the purchaser one year use of WCM Space and Music Station cloud media, and pays the purchaser $2 per day over a 100-day period. The second cheapest package is the “WCM702: WCM 3 Progressive Package.” This package costs $799, allows the purchaser three year use of WCM Space and Music Station cloud media, and pays the purchaser $4 per day over a 100-day period. The middle package is the “WCM703: WCM 3 Official Package,” which costs $1,199, allows the purchaser five year use of WCM Space and Music Station cloud media, and pays the purchaser $6 per day over a 100-day period. The second most expensive package is the “WCM704: WCM 5 Official Package,” which costs $1,599, allows the purchaser five year use of WCM Space, Music Station, Books and Library and Video cloud media, and pays the purchaser $8 per day over a 100-day period. The most expensive package is “WCM705: WCM 7 Official Package,” which costs $1,999, allows the purchaser five year use of all of WCM’s cloud media services, and pays the purchaser $16 per day over a 100-day period.
9. Purchasers of WCM777 packages become WCM777 agents in what WCM777 describes as a social network marketing program, which in practice operates much like a multi-level marketing program.

10. Individuals who purchase the $399 packages are considered by WCM777 as “Junior Distributors”; those who purchase the $799 package are “Supervisors”; those who purchase the $1,199 package are “Managers”; those who purchase the $1,599 are “Senior Managers”; and those that purchase the $1,999 package are “Directors.”

11. The compensation arrangement for WCM777’s agents operates on a 100-day cycle, with the ability for the agents to roll over their compensation arrangement at the end of each 100-day cycle in order to continue the cycle indefinitely.

12. Additionally, there is no limit to how many units an individual may purchase.

13. WCM777 marketing materials describe seven ways in which WCM777 agents receive compensation. These forms of compensation include: bonuses for referrals of new agents; profit sharing in WCM’s global banking business; the ability to purchase stock options in order to buy stock in the company after its expected IPO in 2014; and several other bonuses based on how many referrals have been credited to that agent’s package.

14. WCM777’s marketing campaign has advertised returns of over 90% to participating individuals during these 100-day cycles.

15. As mentioned in paragraph 13, profit sharing is one of the six forms of compensation to WCM777 agents. WCM777 refers to this particular compensation arrangement as the Global Business Bonus. Under the Global Business Bonus, WCM777 agents receive fixed daily payouts from WCM777’s net profits from its global business. Directors, for example, receive a payment of $16 per day during the 100-day cycle for a total payout of $1,600 during the 100-day period.
WCM777'S SALES OF SECURITIES TO MASSACHUSETTS RESIDENTS

16. Upon information and belief, the packages sold by WCM777 are securities under Massachusetts law.

17. WCM777 has not registered any of its packages as securities with the Commonwealth of Massachusetts.

18. During the months of August and September of 2013, a WCM777 Distributor conducted weekly presentations on WCM777 packages at a function room in a hotel in Massachusetts.

19. WCM777 has sold packages to approximately 160 Massachusetts residents.

20. The vast majority of the approximately 160 Massachusetts investors belong to Massachusetts’ Brazilian community.

21. Massachusetts residents have paid over $300,000 for WCM777 packages.

22. Nearly all of the Massachusetts residents that purchased WCM777 packages purchased the package priced at $1,999—the one that provides the biggest daily profit-sharing payout.

23. As of October 2013, WCM777 has credited Massachusetts residents with over $100,000 in bonuses and other forms of compensation.

24. Nearly all of the money derived from bonuses and compensation owed by WCM777 to Massachusetts unit holders is still outstanding.
VI. ORDER

Respondents consent to the entry of this Order.

IT IS HEREBY ORDERED:

Respondents, while neither admitting nor denying the Statements of Fact as set forth in Section V above, in full settlement of these matters, agree to the following undertakings herein as part of this Order:

A. Respondents agree to permanently cease and desist from future offerings of WCM777 packages, products, and/or services to Massachusetts residents;

B. WCM777 agrees to offer:

1. to reimburse all Massachusetts residents (the “Offerees”) listed on the spreadsheet WCM777 provided to the Division by WCM777’s attorneys on October 14, 2013 (the “Spreadsheet”) who purchased WCM777 packages, products or services, in an amount equal to the amount paid in Column “L” of the Spreadsheet, and

2. to reimburse any Massachusetts residents not on the Spreadsheet who, subject to reasonable verification, purchased WCM777 packages, products or services, in an amount equal to the amount paid to WCM777 by the purchaser.

C. Respondents’ offer shall be memorialized in a letter (“First Offer Letter”) dated and sent to the Offerees within fourteen days (14) days after the entry of the Consent Order. The First Offer Letter’s terms, content, and manner of service shall have been approved by the Division prior to sending. The First Offer Letter will remain open for sixty (60) days from date the letter is posted. After the 60 day period is closed, Respondents shall provide a second letter (“Second Offer Letter”) to any and all individuals that did not respond to the First Offer Letter. The Second Offer Letter’s terms, content, manner of
service, and address of each intended recipient shall have been approved by the Division prior to sending. The Second Offer Letter will remain open for thirty (30) days from date the letter is posted. Both the First Offer Letter and Second Offer Letter shall be offered to each Offeree in English and Portuguese, or in English and the Offeree’s native language. With both the First Offer Letter and the Second Offer Letter, Respondents will provide a self-addressed and stamped envelope sufficient for the Offeree to respond by first-class mail to Respondents’ offer under Section VI.B(1) and (2).

D. Within fourteen (14) days of the expiration of the Second Offer Letter, Respondents shall prepare, and submit to the Division, a report detailing the amount of funds reimbursed pursuant to the Order, which shall include, but is not limited to:

i. A description of the distributions of funds to all Offerees, including, but not limited to:

1. Identification of all Offerees who accepted offers;

2. Dates, amounts and methods of the transfer of funds for all distributions to each Offeree; and

3. Proof that the transfer of funds for all distributions to each Offeree has been completed.

ii. Identification and detailed descriptions of any objections received by Respondents in connection with the offer; and

iii. If one or more Offerees decline Respondents’ offer, WCM and/or WCM777 shall provide financial records sufficient to assure that any bonus payments to be paid under WCM777’s Global Business Bonus to any individual not accepting Respondents’ offer are likely to be paid over the course of the next twenty-four (24) months.
E. Respondents agree that they shall not seek or accept, directly or indirectly, reimbursement or indemnification, including, but not limited to, any payments made pursuant to any insurance policy, with regard to all amounts that Respondents shall pay to the Division pursuant to the Division’s Order.

F. Respondents further agree that they shall not claim, assert, or apply for a tax deduction or tax credit with regard to any state, federal or local tax for any amounts that Respondents shall pay to the Commonwealth of Massachusetts pursuant to the Division’s Order.

G. Respondents agree that, upon issuance of an Order consistent with this Offer, if Respondents fail to comply with any of the terms set forth in the Order, the Division may take appropriate action pursuant to Sections 407A and 408 of the Act. Additionally, Respondents agree that after a fair hearing, and issuance of an appropriate order finding that Respondents have not complied with the Order, the Division may move to have the Order declared null and void, in whole or in part, and reinstitute the associated investigation against Respondents.

WILLIAM FRANCIS GALVIN
SECRETARY OF THE COMMONWEALTH

By: Bryan J. Lantagne, Esq.
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Massachusetts Securities Division
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Dated: November 14th, 2013