

1 7. World OTC facilitated deposits and withdrawals using crypto assets, including Tether
2 (USDT).

3 8. World OTC also had a referral program that operated in the manner of a pyramid
4 scheme. The referral program promised to pay investors to recruit new investors. According to this
5 referral program, investors would be paid a commission based on the amount of funds deposited by
6 the investors that they recruited. Investors would also be paid additional commissions when the
7 investors that they recruited, in turn, recruited new investors.

8 9. Investors seeking to take advantage of World OTC’s referral program created and
9 posted videos to YouTube and posted content on other social media websites to recruit others to
10 invest in World OTC.

11 10. In fact, World OTC was luring investors into what is known as a High Yield
12 Investment Program (HYIP). HYIPs are unregistered investments typically run by unlicensed
13 individuals – and are often frauds. The hallmark of an HYIP scam is the promise of high returns on
14 an annual (or even monthly, weekly, or daily) basis at little or no risk to the investor. Another key
15 element of most HYIPs is a referral program, in which the HYIP offers referral commissions or
16 bonuses to investors to recruit new investors. This usually leads to investors sharing information
17 about the HYIP with their friends and family and promoting HYIPs on social media. HYIPs rarely
18 disclose the identities of the individuals operating the HYIP.

19 11. The Investments offered by World OTC were securities that were neither qualified nor
20 exempt from the qualification requirement under the CSL. The Department has not issued a permit or
21 other form of qualification authorizing World OTC to sell these securities in California.

22 12. In connection with the offer or sale of these securities, World OTC made material
23 omissions to potential investors, including but not limited to the following:

- 24 a. failing to disclose that the offer or sale of its Investment Plans was not qualified in
25 California;
- 26 b. failing to disclose the identities of the individuals operating and/or managing World
27 OTC;

- 1 c. failing to provide any qualifications to substantiate World OTC's claims that it had a
- 2 "team of experienced professionals";
- 3 d. failing to disclose that it used investor funds to pay purported profits to other
- 4 investors, in the manner of a Ponzi scheme.

5 Based on the foregoing findings, the Commissioner is of the opinion that the securities offered
6 or sold by World Over the Counter Limited, doing business as World OTC, were subject to
7 qualification under the CSL and have been or are being offered or sold without first being qualified in
8 violation of Corporations Code section 25110.

9 Pursuant to Corporations Code section 25532, World Over the Counter Limited, doing
10 business as World OTC, is hereby ordered to desist and refrain from the further offer or sale of
11 securities in California, including but not limited to investment contracts known as Investments,
12 unless and until the qualification requirements of the CSL have been met.

13 In addition, the Commissioner is of the opinion that World Over the Counter Limited, doing
14 business as World OTC, offered or sold securities in California by means of oral or written
15 communications which included untrue statements of material facts or omitted to state material facts
16 necessary in order to make the statements made, in the light of the circumstances under which they
17 were made, not misleading, in violation of Corporations Code section 25401.

18 Pursuant to Corporations Code section 25532, World Over the Counter Limited, doing
19 business as World OTC, is hereby ordered to desist and refrain from offering or selling or buying or
20 offering to buy any security in California, including but not limited to investment contracts known as
21 Investments, by means of any written or oral communication which includes an untrue statement of a
22 material fact or omits to state a material fact necessary in order to make the statements made, in the
23 light of the circumstances under which they were made, not misleading.

24 Pursuant to Corporations Code section 25403, any person who controls or induces another
25 person to violate a provision of the Corporate Securities Law of 1968, or any person who provides
26 substantial assistance to another person in violation of the Corporate Securities Law of 1968, shall be
27 liable for the violations.

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This Order is necessary, in the public interest, for the protection of investors, and is consistent with the purposes, policies, and provisions of the Corporate Securities Law of 1968.

Dated: September 27, 2022
San Diego, California

CLOTHILDE V. HEWLETT
Commissioner of Financial Protection and Innovation



By _____
MARY ANN SMITH
Deputy Commissioner
Enforcement Division