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7 Attorneys for Court-appointed Receiver
8 KRISTA L. FREITAG

9 **UNITED STATES DISTRICT COURT**
10 **CENTRAL DISTRICT OF CALIFORNIA**
11 **WESTERN DIVISION**

12 SECURITIES AND EXCHANGE
COMMISSION,

13 Plaintiff,

14 v.

15 WORLD CAPITAL MARKET INC.;
16 WCM777 INC.; WCM777 LTD. d/b/a
WCM777 ENTERPRISES, INC.; and
17 MING XU a/k/a PHIL MING XU,

18 Defendants,

19 KINGDOM CAPITAL MARKET, LLC;
MANNA HOLDING GROUP, LLC;
20 MANNA SOURCE INTERNATIONAL,
INC.; WCM RESOURCES, INC.;
21 AEON OPERATING, INC.; PMX
JEWELS, LTD.; TOPACIFIC INC.;
22 TO PACIFIC INC.; VINCENT J.
MESSINA; and INTERNATIONAL
23 MARKET VENTURES,

24 Relief Defendants.

Case No. CV-14-2334-JFW-MRW

DECLARATION OF KRISTA L.
FREITAG IN SUPPORT OF MOTION
FOR AUTHORIZATION TO PURSUE
CLAIMS AGAINST ROBERT SENSI

Date: December 8, 2014
Time: 1:30 p.m.
Ctrm: 16
Judge: Hon. John F. Walter

25
26 I, Krista L. Freitag, declare:

27 1. I am the permanent receiver for Defendants World Capital Market Inc.,
28 WCM777 Inc., and WCM777 Ltd. d/b/a WCM777 Enterprises, Inc., Relief

1 Defendants Kingdom Capital Market, LLC; Manna Holding Group, LLC; Manna
2 Source International, Inc.; WCM Resources, Inc.; ToPacific Inc.; To_Pacific Inc.;
3 and their subsidiaries and affiliates (collectively, "Receivership Entities").

4 2. This declaration is made in support of my Motion (the "Motion") for
5 Authority to Pursue Claims Against Robert Sensi ("Sensi"). I have personal
6 knowledge of the facts set forth herein and, if called as a witness, could and would
7 testify to such facts under oath.

8 3. Pursuant to the terms of this Court's Temporary Restraining Order and
9 the laws governing federal equity receiverships, immediately upon my appointment
10 on March 27, 2013, I moved to investigate and secure the assets of the Receivership
11 Entities.

12 4. In my investigation, I discovered that during the 60 days preceding my
13 appointment, a total of \$385,000 had been transferred from World Capital Market
14 Inc. ("WCM") and ToPacific Inc. ("ToPacific") to Sensi, purportedly in connection
15 with a an agreement for Sensi to provide consulting services. Specifically, the
16 transfers to Sensi were as follows:

Date	Payor	Amount
2/3/14	ToPacific, Inc.	\$35,000
2/12/14	ToPacific, Inc.	\$40,000
2/20/14	ToPacific, Inc.	\$100,000
2/27/14	ToPacific, Inc.	\$120,000
3/10/14	To Pacific, Inc.	\$25,000
3/25/2014	WCM	\$65,000
Total		\$385,000

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26 5. Through my counsel, I contacted Sensi about the transfers in April
27 2014. Sensi promptly engaged counsel, a former Assistant United States Attorney,
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1 to represent him. Through his counsel, Sensi claimed he was hired by the
2 Receivership Entities to help handle complaints about the scheme from authorities
3 in Peru, Taiwan, and Dubai, and further claimed that he used to work for the Central
4 Intelligence Agency and therefore had contacts in these locations.

5 6. Through my counsel, I contacted counsel for Ming Xu regarding
6 Sensi's involvement with the Receivership Entities and the transfers of funds to him.
7 Through his counsel, Xu stated that Sensi knew the Receivership Entities were
8 operating a Ponzi scheme and was asked to help handle complaints received from
9 foreign authorities. In addition, e-mail correspondences between Xu and Sensi
10 confirmed that Sensi was well aware that the Receivership Entities were accused of
11 running a Ponzi scheme. In mid-February, an e-mail from Sensi presents an "On-
12 Going Business Plan" after the Ponzi scheme allegations.

13 7. I then caused my counsel to issue a subpoena to Sensi, through his
14 counsel, demanding that he produce documents relating to, among other things, his
15 involvement with the Receivership Entities and the transferred funds. On or about
16 May 20, 2014, Sensi produced some documents, including e-mail communications
17 and bank statements. However, he did not produce any agreement to show he was
18 hired to perform services, any invoices for services actually performed, and only
19 limited bank statement information. The bank statements he did produce reflected
20 the ToPacific and WCM wire transfers received, but also reflected numerous and
21 material transfers to at least three other bank accounts, and numerous and material
22 checks written on the account after receipt of the ToPacific and WCM funds.

23 8. Sensi claimed that his agreement to provide consulting services was
24 oral and that no invoices were sent. He also claimed that some of the funds he
25 received were reimbursements for travel expenses. In response, I demanded that he
26 produce receipts reflecting these expenses. Sensi counsel then reported that Sensi
27 was going through serious medical issues and was unable to produce documents or
28 defend himself in the event of a lawsuit. I waited several weeks until Sensi's

1 counsel reported Sensi had recovered from his medical issues. Since that time,
2 however, Sensi still has not produced evidence of the expenses he claims he
3 incurred or complete bank statements and supporting documentation.

4 9. Through counsel, on September 25, 2014, I demanded that Sensi return
5 the full amount of \$385,000 in funds he received from the Receivership Entities and
6 offered to settle the receivership estate's claims against him for \$335,000, subject to
7 Court approval. Sensi rejected the offer.

8 10. Based on the above and the rejection of the settlement offer, I believe
9 that further negotiations will not be fruitful and that an action for disgorgement
10 against Sensi is necessary to recover the \$385,000 transferred. Thus, I intend to
11 pursue claims against Sensi under California's Uniform Fraudulent Transfer Act
12 ("CUFTA"), Cal. Civ. Code § 3439 *et seq.* for disgorgement of the full \$385,000
13 transferred from WCM and ToPacific. A true and correct copy of the draft
14 complaint I intend to file against Sensi is appended hereto as **Exhibit A**.

15 11. Through consultation with my counsel, Allen Matkins, I believe that
16 the legal fees for the proposed action could be as low as \$15,000 in the event of a
17 prompt settlement, and as much as \$200,000 in the event of a full trial. However, I
18 also believe that it is highly unlikely that a trial will be necessary and further believe
19 that the matter will likely be resolved through settlement or summary judgment with
20 legal fees of \$75,000 or less.

21 12. As with all matters pertaining to the administration of the receivership
22 estate, I will make every effort to minimize the administrative and legal expenses
23 associated with the proposed action. Moreover, throughout the course of the
24 proposed litigation, I will continue to monitor the costs and potential net benefit to
25 the receivership estate. In my discretion, I may conduct asset investigations
26 regarding Sensi to aid in assessing the collectability of a judgment. Based on the
27 records and information obtained to date, a judgment against Sensi would likely be
28 collectible.

1 13. Based on records gathered in my investigation, Sensi resides in either
2 Palm Beach, Florida, or Gambrills, Maryland. I did not become aware of these
3 addresses until more than 10 days after my appointment as permanent receiver. As
4 such, I request that the Court reappoint me as Receiver over the Receivership
5 Entities. The entry of a reappointment order would allow me to avoid the increased
6 costs of pursuing an action for recovery against Sensi in either Florida or Maryland,
7 including costs to hire local counsel, commence and prosecute the action in a
8 foreign state, and presentment of issues before a court unfamiliar with this complex
9 receivership.

10 14. Thus, I recommend and request that the Court issue an order
11 authorizing the pursuit of claims against Sensi as outlined in the Motion and the
12 draft Complaint appended hereto, and also issue an order to reappoint me as
13 Receiver over the Receivership Entities on terms identical to my current
14 appointment as specified in the Preliminary Injunction, Appointment of a Permanent
15 Receiver, and Related Orders entered on April 10, 2014, and the Order (1) Freezing
16 Assets; (2) Requiring Accountings (3) Prohibiting the Destruction of Documents;
17 (4) Granting Expedited Discovery; (5) Repatriating Assets; and (7) Appointing a
18 Receiver over Relief Defendants ToPacific Inc., a Delaware Corporation and To
19 Pacific Inc., a California Corporation entered on May 21, 2014.

20
21 I declare under penalty of perjury under the laws of the State of California
22 that the foregoing is true and correct.

23 Executed this 31st day of October 2014, at Los Angeles County, California.

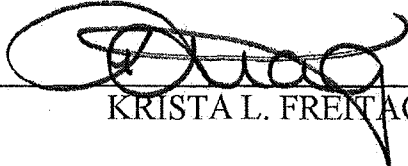
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25 
26 KRISTA L. FREITAG
27
28

EXHIBIT A

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13 Attorneys for Court-appointed Receiver
14 KRISTA L. FREITAG

15 UNITED STATES DISTRICT COURT
16 CENTRAL DISTRICT OF CALIFORNIA
17 WESTERN DIVISION

18 KRISTA L. FREITAG, Court-Appointed
19 Permanent Receiver for World Capital
20 Market Inc.; WCM777 Inc.; WCM777
21 Ltd. d/b/a WCM777 Enterprises, Inc.;
22 Kingdom Capital Market, LLC; Manna
23 Holding Group, LLC; Manna Source
24 International, Inc.; WCM Resources,
25 Inc.; ToPacific Inc.; To Pacific Inc.; and
26 their subsidiaries and affiliates ,

27 Plaintiff,

28 v.

29 ROBERT SENSI a.k.a. Robert Mario
30 Sensi, Bob Sensi and Stefano Robert
31 Sensi Davenport ,

32 Defendant.

Case No. _____

COMPLAINT FOR FRAUDULENT
TRANSFER, UNJUST ENRICHMENT,
AND CONSTRUCTIVE TRUST

33 Plaintiff Krista L. Freitag (the "Receiver"), the Court-appointed permanent
34 receiver for World Capital Market Inc.; WCM777 Inc.; WCM777 Ltd. d/b/a
35 WCM777 Enterprises, Inc.; Kingdom Capital Market, LLC; Manna Holding Group,
36 LLC; Manna Source International, Inc.; WCM Resources, Inc.; ToPacific Inc.; To
37 Pacific Inc.; and their subsidiaries and affiliates (the "Receivership Entities"),
38 hereby brings the following Complaint against Defendant Robert Sensi a.k.a. Robert

1 Mario Sensi, Bob Sensi and Stefano Robert Sensi Davenport ("Sensi") and alleges,
2 on behalf of the Receivership Entities, as follows:

3 **I. JURISDICTION AND VENUE.**

4 1. This Court has jurisdiction over this matter under 28 U.S.C. §§ 1345
5 and 1367(a), and the doctrines of ancillary and supplemental jurisdiction, in that this
6 action arises from a common nucleus of operative facts as, and is substantially
7 related to the original claims in, the Securities and Exchange Commission (the
8 "Commission") enforcement action styled as Securities and Exchange Commission
9 v. World Capital Market Inc., et al., U.S.D.C., C.D. Cal. Case No. 14-CV-2334-
10 JFW-MRW (the "SEC Action").

11 2. This Court may exercise personal jurisdiction over Sensi pursuant to
12 Federal Rule of Civil Procedure 4(k)(1)(A); and 28 U.S.C. §§ 754 and 1692.

13 3. Venue in the Central District of California is proper under 28 U.S.C.
14 § 1391 because this action is an ancillary proceeding to the SEC Action and because
15 the Receiver was appointed in this District pursuant to the Preliminary Injunction,
16 Appointment of a Permanent Receiver, and Related Orders entered by this Court on
17 April 10, 2014 (the "Preliminary Injunction"), and the Order Freezing Assets,
18 Requiring Accountings, Prohibiting the Destruction of Documents, Granting
19 Expedited Discovery, Repatriating Assets, and Appointing a Receiver Over Relief
20 Defendants ToPacific Inc., a Delaware Corporation and To Pacific Inc., a California
21 Corporation entered by this Court on May 21, 2014 (the "Freeze Order") (together
22 the "Appointment Orders").

23 **II. PARTIES.**

24 4. The Receiver is the duly appointed permanent receiver for the
25 Receivership Entities, and was appointed permanent receiver for the Receivership
26 Entities pursuant to the Appointment Orders. Among other things, the Appointment
27 Orders call for the Receiver to recover and marshal, for the benefit of creditors of
28 and investors in the Receivership Entities, any and all assets which were owned,

1 leased, occupied, or otherwise controlled by the Receivership Entities or were
2 otherwise purchased with assets of the Receivership Entities. The Receiver holds
3 exclusive authority and control over the assets of the Receivership Entities,
4 including over the causes of action alleged herein, over which this Court has
5 ancillary and supplemental jurisdiction.

6 5. On information and belief, Sensi is either a citizen and resident of the
7 City of Palm Beach, Florida, or is a citizen and resident of the City of Gambrills,
8 Maryland. Sensi is the recipient of assets of the Receivership Entities as described
9 further herein.

10 **III. FACTUAL ALLEGATIONS**

11 **A. The Purported Business Of The Receivership Entities And The**
12 **Commencement Of The SEC Action.**

13 6. As alleged by the Commission in the SEC Action, the Receivership
14 Entities, individually and collectively, raised money from investors based on
15 misrepresentations that the Receivership Entities were engaged in a profitable multi-
16 level marketing venture that sells packages of "cloud media" or cloud services under
17 the umbrella name for the scheme, "WCM777." Investors were promised returns of
18 more than 100% on their investment in 100 days, and were also assigned "points"
19 for their investments which were characterized as convertible into equity through
20 initial public offerings of "high tech" companies the Receivership Entities were
21 purportedly incubating. Through the use of the points system, the Receivership
22 Entities facilitated a "secondary market" in the points awarded to investors, and an
23 estimated \$890 million of the points have been traded on this market.

24 7. In actuality, the Receivership Entities did not realize any appreciable
25 revenue other than from the sale of "packages" of cloud services to investors.
26 WCM777 is not profitable, and is a pyramid scheme. Investor funds were used to
27 make Ponzi payments of returns promised to earlier investors. Much of the
28 remaining funds derived from these investments were used to purchase real property

1 in the United States, play the stock market and to make other speculative
2 investments.

3 8. On or about March 27, 2014, the Commission initiated the SEC Action
4 against the Receivership Entities, Ming Xu a/k/a Phil Ming Xu ("Xu"), a principal
5 of the Receivership Entities, and others, alleging violations of federal securities
6 laws. ToPacific Inc. and To Pacific Inc. were added as Relief Defendants to the
7 SEC Action on May 7, 2014. The Commission petitioned for the Receiver's
8 appointment, and on April 10, 2014 and May 21, 2014, this Court entered the
9 Appointment Orders appointing the Receiver as permanent receiver for the
10 Receivership Entities.

11 **B. The Receiver's Authority And Investigation Pursuant To Her**
12 **Appointment.**

13 9. Pursuant to the terms of her appointment, the Receiver is vested with
14 exclusive authority and control over the assets of the Receivership Entities.
15 Specifically, Article XII of the Preliminary Injunction and Article VIII of the Freeze
16 Order vests the Receiver with the "full powers of an equity receiver, including, but
17 not limited to *full power to sue* ... and take into possession all [receivership]
18 property." (emphasis added.)

19 10. The Receiver's investigation to date supports and confirms the
20 Commissions allegations in the SEC Action, including that World Capital Market
21 Inc. ("WCM") and ToPacific, Inc. ("ToPacific") were used to receive funds raised
22 from investors in the WCM777 scheme. WCM and ToPacific did not generate any
23 material revenue other than funds received from investors.

24 **C. The Fraudulent Transfers of Funds To Sensi.**

25 11. During the 60 days preceding the Receiver's appointment, Sensi
26 received, in aggregate, \$385,000 from the Receivership Entities for purported
27 consulting services. These transfers to Sensi are as follows:
28

Date	Payor	Amount
2/3/14	ToPacific, Inc.	\$35,000
2/12/14	ToPacific, Inc.	\$40,000
2/20/14	ToPacific, Inc.	\$100,000
2/27/14	ToPacific, Inc.	\$120,000
3/10/14	To Pacific, Inc.	\$25,000
3/25/2014	WCM	\$65,000
Total		\$385,000

12. Sensi claims that he was hired by the Receivership Entities to help handle complaints about the Receivership Entities' Ponzi scheme from authorities in Peru, Taiwan, and Dubai. Sensi further claims that he used to work for the Central Intelligence Agency and therefore had contacts in these locations.

13. Sensi knew of the Ponzi scheme operated by the Receivership Entities and was well aware that the Receivership Entities were accused of running a Ponzi scheme.

14. Sensi was served with a subpoena to produce documents relating to his involvement with the Receivership Entities and in response, failed to produce any written agreements to show that he was hired to perform services, any invoices for services he purports to have performed or complete bank statements and supporting documentation.

15. Sensi claims his agreement to provide services was oral and no invoices were sent. Sensi also claims some of the funds received were reimbursements for travel expenses. Sensi, however, has not produced evidence of the expenses he claims to have incurred.

16. Sensi did not receive the transferred funds in good faith and did not provide any reasonably equivalent value or consideration in exchange for the

1 \$385,000 transferred to him, and the transferred funds are thus subject to
2 disgorgement.

3 **COUNT I – FRAUDULENT TRANSFER**

4 17. The Receiver incorporates herein each and every allegation contained
5 in Paragraphs 1 through 16, inclusive, hereinabove set forth.

6 18. During the 60 days preceding the Receiver's appointment, WCM and
7 To Pacific paid \$385,000 in the aggregate to Sensi with the intent to hinder, delay,
8 or defraud creditors. Such payments were made from the proceeds of a Ponzi
9 scheme which were generated from investors in the scheme.

10 19. Sensi did not accept the funds in good faith and the Receivership
11 Entities received no reasonably equivalent value or consideration, directly or
12 indirectly, in exchange.

13 20. At the time Sensi was paid the subject \$385,000, WCM and ToPacific
14 were engaged or about to engage in a business or transaction for which its remaining
15 assets were unreasonably small in relation to the business or transaction.

16 21. WCM and ToPacific were insolvent, or became insolvent shortly after
17 the subject \$385,000 payments were made to Sensi.

18 22. WCM and ToPacific intended to incur, or believed or reasonably
19 should have believed that it would incur, debts beyond its ability to pay as they
20 became due.

21 23. As a consequence of the above, the full amount of the \$385,000
22 transferred to Sensi is an actual and constructively fraudulent transfer under
23 California's Uniform Fraudulent Transfer Act ("CUFTA"), Cal. Civ. Code § 3439, *et*
24 *seq.*, and is subject to immediate disgorgement to the Receiver.

25 **COUNT II – UNJUST ENRICHMENT**

26 24. The Receiver incorporates herein each and every allegation contained
27 in Paragraphs 1 through 23, inclusive, hereinabove set forth.

28

1 25. As described in more detail above, WCM and ToPacific paid in the
2 aggregate \$385,000 to Sensi in connection with consulting services Sensi
3 purportedly provided. Such payments were made from the proceeds of a Ponzi
4 scheme which were generated from investors in the scheme.

5 26. Sensi did not accept the funds in good faith and the Receivership
6 Entities received no equivalent value or consideration in exchange therefore.

7 27. Sensi has thus been unjustly enriched in the amount of \$385,000, which
8 amount is subject to immediate disgorgement to the Receiver.

9 **COUNT III – CONSTRUCTIVE TRUST**

10 28. The Receiver incorporates herein each and every allegation contained
11 in Paragraphs 1 through 27, inclusive, hereinabove set forth.

12 29. Sensi has been unjustly enriched in the amount of \$385,000 as a result
13 of his receipt of payments from WCM and ToPacific. Such payments were made
14 from the proceeds of a Ponzi scheme which were generated from investors in the
15 scheme.

16 30. Because Sensi has been unjustly enriched in the amount of \$385,000,
17 he holds that amount in constructive trust for the Receivership Entities.

18 31. The Receiver is therefore entitled to a judgment of \$385,000 against
19 Sensi.

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PRAYER FOR RELIEF

WHEREFORE, the Receiver prays for judgment against Sensi as follows:

On Count I:

(a) For a judgment against Sensi, avoiding the transfer of the subject \$385,000; and

(b) For an order directing Sensi to immediately pay \$385,000, plus prejudgment interest and costs, to the Receiver; and

(c) For such other and further relief as the Court may deem proper.

On Count II:

(a) For a judgment against Sensi in the amount of \$385,000, plus prejudgment interest and costs; and

(b) For an order directing Sensi to immediately pay \$385,000, plus prejudgment interest and costs, to the Receiver; and

(c) For such other and further relief as the Court may deem proper.

On Count III:

(a) For a judgment against Sensi in the amount of \$385,000, plus prejudgment interest and costs; and

(b) For an order declaring Sensi to be holding \$385,000, plus prejudgment interest and costs, in constructive trust for the Receivership Entities; and

(c) For such other and further relief as the Court may deem proper.

Dated: _____, 2014

ALLEN MATKINS LECK GAMBLE
MALLORY & NATSIS LLP
DAVID R. ZARO
TED FATES
TIM C. HSU

By: _____
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Attorneys for Court-appointed
Receiver
KRISTA L. FREITAG