

**IN THE UNITED STATES DISTRICT COURT FOR THE
WESTERN DISTRICT OF NORTH CAROLINA
CHARLOTTE DIVISION**

| | | |
|---------------------------------|---|---------------------|
| SECURITIES AND EXCHANGE |) | |
| COMMISSION, |) | |
| |) | |
| Plaintiff, |) | |
| |) | |
| |) | |
| vs. |) | Civil Action |
| |) | |
| DAWN WRIGHT-OLIVARES and |) | No. |
| DANIEL OLIVARES, |) | |
| |) | |
| Defendants, |) | |
| |) | |

COMPLAINT

Plaintiff Securities and Exchange Commission (“Commission” or “SEC”) alleges as follows:

SUMMARY OF ALLEGATIONS

1. This action concerns Defendants Dawn Wright-Olivares’ and Daniel Olivares’ roles in perpetrating the fraudulent unregistered offer and sale of securities (in the form of unregistered investment contracts) through Rex Venture Group, LLC (“RVG”) d/b/a www.ZeekRewards.com (“ZeekRewards”), an internet-based combined Ponzi and pyramid scheme.

2. RVG and its principals and employees solicited investors through the internet and over interstate wires to participate in the ZeekRewards program, a self-described “affiliate advertising division” for the companion website, www.zeekler.com (“Zeekler”), through which RVG operated penny auctions.

3. From approximately January 2011 until RVG and ZeekRewards were shut down in August 2012, RVG raised more than \$850 million from approximately 1 million investors nationwide and overseas by making unregistered offers and sales of securities through the ZeekRewards website in the form of Premium Subscriptions and VIP Bids.

4. Wright-Olivares was one of the main spokespersons of ZeekRewards. She served roles in outside marketing, affiliate support, product development, and strategist. In addition, she served as the chief operating officer from September 2011 to June 2012. She conceived of the idea for operating penny auctions, helped develop the technical specifications for the Zeekler.com program and its key features, marketed ZeekRewards to investors, managed some of RVG’s operations, and helped design and implement features that concealed the fraud.

5. During that same time period, Olivares was the chief architect of the company’s computer databases that tracked all investments (including subscription

and bid purchases), managed the electronic operations, and perpetuated the illusion of a successful retail business.

6. Unbeknownst to its investors, ZeekRewards was, in reality, a massive Ponzi and pyramid scheme.

7. Approximately 98% of ZeekRewards' total revenues, and correspondingly the share of purported "net profits" paid to investors, were comprised of funds received from new investors rather than legitimate retail sales.

8. Wright-Olivares has violated, and unless enjoined will continue to violate, the registration provisions of the federal securities laws; both Wright-Olivares and Olivares have violated, and unless enjoined will continue to violate, the antifraud provisions of the federal securities laws. Unless restrained and enjoined, Wright-Olivares and Olivares are likely to engage in future violations of the federal securities laws. Accordingly, the Commission seeks permanent injunctions, disgorgement with prejudgment interest, and civil penalties against both Defendants.

JURISDICTION AND VENUE

9. This Court has jurisdiction over this action pursuant to Sections 20(b), 20(d)(1) and 22(a) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. §§ 77t(b), 77t(d)(1) & 77v(a)] and Sections 21(d)(1), 21(d)(3)(A), 21(e) and 27 of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. §§ 78u(d)(1),

78u(d)(3)(A), 78u(e) & 78aa]. Each of Wright-Olivares and Olivares has, directly or indirectly, made use of the means or instrumentalities of interstate commerce, of the mails, or of the facilities of a national securities exchange, in connection with the transactions, acts, practices, and courses of business alleged in this complaint.

10. Venue is proper in this District pursuant to Section 22(a) of the Securities Act [15 U.S.C. § 77v(a)] and Section 27 of the Exchange Act, 15 U.S.C. § 78aa, because certain of the transactions, acts, practices, and courses of conduct constituting violations of the federal securities laws occurred within this District. Both Wright-Olivares and Olivares transacted business, and participated in the offer and sale of the securities that are the subject of this action, including to investors in this District.

DEFENDANTS

11. **Dawn Wright-Olivares**, age 45, is a resident of Arkansas, but at all relevant times she worked as the chief operating officer or principal marketer for ZeekRewards, an internet website (www.zeekrewards.com) with physical operations in Lexington, North Carolina, and internet customers and contacts throughout the United States (including in this District) and internationally.

12. **Daniel Olivares**, age 31, is a resident of Arkansas, but at all relevant times he primarily worked as the master computer programmer for ZeekRewards, an internet website (www.zeekrewards.com) with physical operations in

Lexington, North Carolina, and internet customers and contacts throughout the United States (including in this District) and internationally.

FACTUAL ALLEGATIONS

ORIGINS OF ZEEKREWARDS

13. In or about 2002, Wright-Olivares met Paul Burks and agreed to serve as an outside marketer and web developer, responsible for marketing, strategy, product development and affiliate support for Burks' multi-level marketing ("MLM") businesses, which he operated through RVG or a corporate predecessor. Wright-Olivares also brought on Olivares, her step-son, to work as a computer programmer for Burks' businesses.

14. In 2010, Wright-Olivares, Burks and others created Zeekler.com, a penny auction website offering items ranging from personal electronics to cash. Penny auctions require participants to pay a non-refundable fee (typically \$.50 to \$1.00) to purchase and place each incremental bid (typically one cent) on merchandise sold via auction. The penny auctions were not particularly successful until Burks, through his company RVG and with assistance from Wright-Olivares, Olivares, and others, launched ZeekRewards in January 2011.

15. ZeekRewards is the self-described "private, invitation-only, affiliate advertising division" of Zeekler. Burks, Wright-Olivares, and others operated ZeekRewards as an MLM program, offering subscription memberships to affiliates

who then recruited new affiliates and bought and gave away as samples, or sold, bid packages for the penny auction website. In fact, the vast majority of bids used in the penny auctions were acquired by ZeekRewards affiliates to give away as “free” samples.

16. Rather than promoting penny auctions, Wright-Olivares, Burks, and others primarily marketed ZeekRewards to investors as an opportunity to earn passive income indefinitely through their participation and recruiting.

17. Olivares served as the “Master Programmer” for Zeekler and ZeekRewards. In that role, he was responsible for the design, management and operation of company databases that managed and tracked all affiliate investments (including subscriptions and bid purchases) and distributions of supposed earnings.

THE ZEEKREWARDS OFFERING

18. Burks, Wright-Olivares and other RVG personnel solicited persons to become investors or “affiliates” in ZeekRewards through publicly accessible websites (including www.zeekrewards.com) that RVG and Burks owned, operated, controlled, or sponsored. Wright-Olivares dictated the website’s design and contributed its content, and Olivares managed or supported the website’s operation.

19. Through the ZeekRewards program, RVG offered affiliates several ways to earn money, two of which involve the offer and sale of securities in the form of investment contracts: the “Retail Profit Pool” and the “Matrix.”

20. In addition to the ZeekRewards website, Wright-Olivares actively solicited new investors by organizing and speaking at company events, conducting conference calls open to the public, conducting radio interviews, and contributing content to publically available electronic and print publications.

21. Neither Wright-Olivares nor any other RVG personnel made any effort to determine if investors in fact had the financial wherewithal to invest, nor did they ever make any effort to determine if investors had any experience investing before investors commit any capital to ZeekRewards. In fact, thousands of the investors lacked significant financial resources and were financially unsophisticated.

22. From at least January 2011 until August 2012, when RVG and ZeekRewards were shut down, RVG raised at least \$850 million through the offer and sale of securities (via the Retail Profit Pool and the Matrix) to more than 1 million domestic and international investors.

23. No registration statement was ever filed or was ever in effect with the Commission in connection with the securities the Defendants offered and sold in connection with ZeekRewards.

1. THE RETAIL PROFIT POOL

24. Wright-Olivares and other RVG personnel attracted new investors to ZeekRewards with the promise of daily profit-share awards distributed through the Retail Profit Pool, which operated as a Ponzi scheme. According to the ZeekRewards website, for which Wright-Olivares contributed content and Olivares managed, through the Retail Profit Pool the company shared “up to 50% of the daily net profits” with affiliates who meet certain qualifications (“Qualified Affiliates”).

25. To become a Qualified Affiliate, investors were required to satisfy four criteria: (i) enroll in a monthly subscription plan requiring payments of \$10, \$50, or \$99 per month; (ii) enroll new penny auction customers personally, through the ZeekRewards co-op program, or through third-party businesses endorsed by ZeekRewards; (iii) sell at retail or purchase and give away as samples a minimum of ten Zeekler.com bids, earning Profit Points; and (iv) place one free ad daily for Zeekler.com and submit proof to ZeekRewards.

26. The requirements to become a Qualified Affiliate constitute an investment in a common enterprise and required little or no investor effort.

27. Qualified Affiliates had no role in ZeekRewards’ operations. RVG and its personnel (including Wright-Olivares and Olivares) alone created, updated and operated the websites, handled all payments, managed the bank accounts and

payment service providers, managed affiliate and customer accounts, managed all affiliate and customer services, oversaw and disbursed all bids, operated the auctions, created all advertisements, sponsored recruiting videos and calls, managed the Matrix, and decided the daily payout percentages for the Retail Profit Pool.

28. Investor funds paid were pooled and commingled in a handful of financial institutions. Investor funds also were commingled with ZeekRewards and the penny auction website's overall revenues from all company operations.

29. Qualified Affiliates earned Profit Points by either (a) selling penny auction bid packages directly to retail customers ("Retail Bids"), or (b) purchasing "VIP Bids" and giving them away as samples to retail customers or to other personally-sponsored affiliates.

30. Most Qualified Affiliates opted to simply purchase VIP Bids (up to a maximum \$10,000 investment) and give them away as samples in order to earn Profit Points. Even then, affiliates did not need to exert any efforts in giving away the VIP Bids they purchased because RVG created automated programs, including the "Customer Co-Op" and the "5CC," that generated purported customers to whom the bids could be given automatically without any further effort on the affiliates' part.

31. In order to earn daily dividends, affiliates also were required to place one free internet advertisement daily for the company, but that exercise required little or no effort. Affiliates could merely copy and paste free ads – created by RVG personnel without input from affiliates – from a company-sponsored program, which the ZeekRewards website boasted should take no more than five minutes per day. Affiliates also could employ a third-party program to generate ads automatically for them; affiliates simply had to verify that they had placed the ad by submitting an internet link to ZeekRewards. Placing more or better ads did not increase a Qualified Affiliate’s share of profits.

32. Qualified Affiliates were paid their share of supposed net “profits” from the Retail Profit Pool in the form of daily “awards” or dividends on accumulated Profit Points.

33. The size of the each Qualified Affiliate’s daily award was dependent solely on how many Profit Points that investor had accumulated; it was not based on rendering any significant service to ZeekRewards. Thus, buying and giving away more VIP Bids garnered greater Profit Points, hence a larger daily profit share award, without any additional effort required.

34. Qualified Affiliates had the option to receive their daily “award” (typically approximately 1.5% per day) as: (i) a cash payment; (ii) additional Profit Points ; or (iii) a combination of both.

35. Wright-Olivares and others encouraged Qualified Affiliates to convert at least 80% of their daily award into additional Profit Points. Most Qualified Affiliates followed this suggested approach.

36. The daily award had a compounding effect for those Qualified Affiliates who elected to receive the daily award as new Profit Points rather than cash.

37. Burks, Wright-Olivares, and others recommended re-investing 80% of awards ostensibly so that investors could earn greater returns through compounding; she failed to disclose that RVG devised this approach to slow the outflows of cash so that the scheme could be prolonged.

38. As a result of the compounding effect, by the time ZeekRewards was shut down in August 2012, Qualified Affiliates had nearly 3 billion Profit Points outstanding. Based on an average daily award of 1.5%, the company would have been obligated to pay out approximately \$45 million per day if all Qualified Affiliates elected to receive their daily award in cash. Such payouts would have depleted the company's cash reserves in a matter of days.

2. THE MATRIX

39. ZeekRewards also employed a pyramid "Matrix" to reward its investors for recruiting others to join the scheme. The company placed each newly recruited affiliate into a "2x5 forced-fill matrix," which was a multi-level

marketing pyramid with 63 positions that pooled new investors' money and paid a bonus to affiliates for every "downline" investor within each affiliate's personal matrix.

40. Affiliates that had (i) enrolled in a monthly subscription plan requiring payments of \$10, \$50, or \$99 per month; and (ii) recruited at least two other "Preferred Customers" (i.e., investors who have likewise enrolled in a monthly subscription plan) qualified to earn bonuses through the Matrix.

41. Once qualified, an affiliate received bonuses and commissions for every paid subscription within her downline 2x5 pyramid, whether or not she personally recruited everyone within the matrix. Furthermore, affiliates were rewarded merely for recruiting new investors without regard to any efforts by the affiliates to sell bids or otherwise support the retail businesses (including the Zeekler penny auctions).

42. Investors' Matrix bonuses and the company's (and the company's promoters') profits were derived from the same source: the overall revenues generated from new investors to the ZeekRewards program (approximately 98% of the total) and, to a much lesser extent, from the penny auction website (approximately 2% of the total).

RVG'S OPERATION OF A FRAUDULENT PONZI AND PYRAMID SCHEME

43. Burks and others designed the ZeekRewards program as a fraudulent scheme. Olivares provided computer programming and operational support to implement instructions from Wright-Olivares, Burks and others to perpetrate that scheme.

44. RVG represented that, through the Retail Profit Pool, ZeekRewards would pay investors, or Qualified Affiliates, “up to 50%” of the company’s daily net profits in the form of daily profit share awards.

45. Burks, and in his absence other RVG personnel, was solely responsible for determining the amount of “net profits” to share in the Retail Profit Pool on a daily basis.

46. RVG represented that daily awards were calculated by dividing “up to 50%” of daily net profits by the number of Profit Points outstanding among all Qualified Affiliates. This supposed calculation resulted in a daily dividend paid to each Qualified Affiliate that consistently averaged approximately 1.5% per day.

47. In fact, while working for RVG, Wright-Olivares and Olivares learned that the dividend bore no relation to the company’s net profits. Instead, Burks unilaterally and arbitrarily determined the daily dividend rate so that it fluctuated slightly each day but averaged approximately 1.5% per day, giving investors the false impression that the business was highly profitable.

48. Burks provided the daily dividend rate to Olivares, who then entered it into the ZeekRewards databases to establish each affiliate investor's daily award (communicated to affiliates through the ZeekRewards website). Wright-Olivares and Olivares learned that the daily dividend rate was fabricated by Burks and not actually calculated based on "daily net profits" or any actual company earnings, as represented to investors. In fact, in several instances when Burks was unavailable, Wright-Olivares instructed Olivares to enter daily dividend rates to mimic the payout from a prior week, without any regard for the company's actual earnings.

49. Burks and other RVG personnel chose an average 1.5% daily dividend to sustain the false impression that the business earned approximately 125% returns every 90 days; in fact, the company's retail profits from penny auctions were miniscule and the daily awards could only be supported by funds received from ever increasing investments by legions of new affiliate investors.

50. Moreover, Wright-Olivares and other RVG personnel failed to disclose that more than 90% of all ZeekRewards revenues (and hence net profits) were derived from new investor deposits (in the form of VIP Bid purchases and subscription fees) rather than actual retail revenues. Based on his experience working with the company databases, Olivares also knew that the majority of ZeekRewards revenues were derived from investments by new affiliates.

51. Both Defendants also learned, and Wright-Olivares and other RVG failed to disclose, that without new investor deposits (in the form of VIP Bid purchases and subscription fees), revenues would dwindle substantially as only approximately 2% of daily revenues came from actual retail sales, and the scheme would likely collapse.

52. Wright-Olivares knew, and Olivares learned in the course of working for RVG, that daily award payments from the Retail Profit Pool – which were credited to investor accounts, supposedly making such sums available for cash withdrawal – were unsustainable absent a constant influx of new investor money.

53. Based on the average 1.5% daily dividend on 3 billion Profit Points outstanding by the time ZeekRewards was shut down in August 2012, ZeekRewards would owe nearly \$45 million per day in profit share awards to investors (ZeekRewards Qualified Affiliates) if all investors requested cash rewards instead of points. Both Wright-Olivares and Olivares knew that the company's actual daily revenues -- which averaged approximately \$5 million per day (based almost entirely on new affiliate subscriptions and VIP bid purchases) at the time ZeekRewards was shut down – could not support such daily cash payouts, but neither did anything to warn investors.

54. In order to discourage investors from withdrawing too much cash from the scheme, Wright-Olivares and other RVG personnel encouraged affiliates

to reinvest at least 80% of their daily awards into a point compounder, and to withdraw no more than 20% in cash. By convincing affiliates that they could compound their earnings by reinvesting daily awards, RVG slowed the outflows of cash and sustained the ZeekRewards fraud for longer.

55. Wright-Olivares and other RVG personnel failed to disclose to investors that the company would quickly become insolvent if more Qualified Affiliates elected to take daily awards in cash from the Retail Profit Pool rather than converting their awards into ever-increasing accumulated Profit Points.

56. Wright-Olivares and other RVG personnel also failed to inform investors of the substantial risk that the Matrix was prone to collapse if the promoters were unable to recruit ever-increasing numbers of paid affiliates into the Matrix pyramid, because, as both Wright-Olivares and Olivares knew, without new investors there would be no source of revenue to pay existing investors.

57. In order to conceal from investors and regulators the true nature of the ZeekRewards scheme, Wright-Olivares and others directed several superficial or nominal changes to certain ZeekRewards features, which Olivares implemented. This included removing any references on the website to the terms “investment” and “ROI”; substituting a daily award percentage that in the aggregate approximated 125% every 90 days rather than “guaranteeing” a 125% return; and

requiring investors to give away VIP bids to foster the illusion of contributing efforts to the enterprise.

58. Despite encouraging affiliates to purchase and give away VIP Bids to promote and drive traffic to the Zeekler penny auction website, Wright-Olivares and other RVG personnel failed to disclose, that few of the VIP Bids given away by Qualified investors were actually used on the Zeekler penny auction website. Of approximately 10 billion VIP Bids purchased by or awarded to investors, less than one-quarter of one percent were actually used in auctions on the Zeekler penny auction website. Thus, both Wright-Olivares and Olivares learned that the VIP Bids did little or nothing to actually promote Zeekler.com or RVG's retail business.

59. Although ZeekRewards paid out hundreds of millions of dollars to Qualified Affiliates through the Retail Profit Pool and the Matrix, by July 2012 the company had insufficient deposits to satisfy future awards based on outstanding Profit Points and Matrix commissions and bonuses. Thus, the scheme was nearing collapse at the time it was shut down in August 2012.

60. Aware that the ZeekRewards was under investigation by several law enforcement agencies and that the business was in serious trouble in 2012, Wright-Olivares, Olivares and others accepted, substantial sums of money from the

scheme (or had prior loans forgiven) before it was shut down without advising investors.

FIRST CLAIM FOR RELIEF

(As to Wright-Olivares)

UNREGISTERED OFFER AND SALE OF SECURITIES

Violations of Sections 5(a) and 5(c) of the Securities Act

61. The Commission realleges and incorporates by reference the foregoing paragraphs.

62. Wright-Olivares, by engaging in the conduct described above, directly or indirectly, made use of means or instruments of transportation or communication in interstate commerce or of the mails, to offer to sell or to sell securities, or to carry or cause such securities to be carried through the mails or in interstate commerce for the purpose of sale or for delivery after sale.

63. No registration statement has been filed with the Commission or has been in effect with respect to any of the offerings or sales alleged herein.

64. By engaging in the conduct described above, Wright-Olivares violated, and unless restrained and enjoined will continue to violate, Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. §§ 77e(a) and 77e(c)].

SECOND CLAIM FOR RELIEF

(As to both Defendants)

FRAUD IN THE OFFER OR SALE OF SECURITIES

Violations of Section 17(a) of the Securities Act

65. The Commission realleges and incorporates by reference the foregoing paragraphs.

66. Defendants, by engaging in the conduct described above in furtherance of the fraudulent scheme, directly or indirectly, in the offer or sale of securities by the use of means or instruments of transportation or communication in interstate commerce or by use of the mails, with scienter, employed devices, schemes, or artifices to defraud; or engaged in transactions, practices, or courses of business which operated or would operate as a fraud or deceit upon the purchaser.

67. By engaging in the conduct described above, Wright-Olivares and Olivares violated, and unless restrained and enjoined will continue to violate, Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)].

THIRD CLAIM FOR RELIEF

(As to both Defendants)

FRAUD IN CONNECTION WITH THE PURCHASE OR SALE OF SECURITIES

Violations of Section 10(b) of the Exchange Act and Rule 10b-5 Thereunder

68. The Commission realleges and incorporates by reference the foregoing paragraphs.

69. Defendants, by engaging in the conduct described above in furtherance of the fraudulent scheme, directly or indirectly, in connection with the purchase or sale of a security, by the use of means or instrumentalities of interstate commerce, of the mails, or of the facilities of a national securities exchange, with scienter, employed devices, schemes, or artifices to defraud; or engaged in acts, practices, or courses of business which operated or would operate as a fraud or deceit upon other persons.

70. By engaging in the conduct described above, Wright-Olivares and Olivares violated, and unless restrained and 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].

PRAYER FOR RELIEF

WHEREFORE, Plaintiff Securities and Exchange Commission respectfully requests that the Court:

I.

Issue findings of fact and conclusions of law that Wright-Olivares and Olivares committed the alleged violations described hereinabove.

II.

Issue judgments, in a form consistent with Fed. R. Civ. P. 65(d), permanently enjoining Wright-Olivares and Olivares and their agents, servants, employees, and attorneys, and those persons in active concert or participation with any of them, who receive actual notice of the judgment by personal service or otherwise, and each of them, from violating, directly or indirectly, Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)], and 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].

III.

Order Wright-Olivares and Olivares to disgorge all ill-gotten gains, including prejudgment interest, resulting from the illegal acts or courses of conduct alleged in this Complaint.

IV.

Order Wright-Olivares and Olivares to pay 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)].

VI.

Retain jurisdiction of this action in accordance with the principles of equity and the Federal Rules of Civil Procedure in order to implement and carry out the terms of all orders and decrees that may be entered, or to entertain any suitable application or motion for additional relief within the jurisdiction of this Court.

VII.

Grant such other and further relief as this Court may determine to be just and necessary.

Dated: December 20, 2013

Respectfully submitted,

/s/ John J. Bowers

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