

**BEFORE THE COMMISSIONER OF SECURITIES AND INSURANCE
MONTANA STATE AUDITOR**

IN THE MATTER OF:)	Case No.: SEC-2012-245
)	
JAMES D. HELGESON,)	
)	
Respondent.)	CONSENT AGREEMENT AND FINAL ORDER
)	
)	

This Consent Agreement and Final Order (Agreement) is entered into by the Office of the Commissioner of Securities and Insurance, Montana State Auditor (CSI), acting pursuant to the authority of the Securities Act of Montana, Mont. Code Ann. § 30-10-101 et seq. (Act), and James D. Helgeson (Respondent) (collectively, the parties).

RECITALS

WHEREAS, at all times relevant hereto, Respondent was a registered securities salesperson and investment adviser representative of Kovack Securities, Inc.;

WHEREAS, from December of 2011, through August 16 of 2012, Respondent was an Affiliate of Rex Venture Group, LLC (Rex);

WHEREAS, Rex solicited individuals to become Affiliates to participate in Rex's ZeekRewards compensation program (the Program);

WHEREAS, the Program features included the Retail Profit Pool, wherein Affiliates purportedly received on a pro rata basis up to 50 percent of Rex's daily net retail profits;

WHEREAS, Affiliates participated in the Retail Profit Pool by purchasing or receiving so-called VIP bids;

WHEREAS, during his time as an Affiliate, Respondent referred several individuals to the Program to become Affiliates and purchase VIP bids;

WHEREAS, Rex compensated Respondent for referrals in the form of VIP bid points;

WHEREAS, the Securities and Exchange Commission has sought and obtained injunctive relief against Rex, alleging Rex fraudulently offered and sold unregistered securities in the form of VIP bids pursuant to a combined pyramid and Ponzi scheme;

WHEREAS, the VIP bids were neither registered as a security, nor were they subject to any exemption under Montana law;

WHEREAS, pursuant to § 30-10-202, it is unlawful for a person to offer or sell a security in Montana that is not registered and is not subject to any exemption; and

WHEREAS, the parties agree that the best interests of the public would be served by entering into this Agreement;

NOW, THEREFORE, in consideration of the mutual undertakings contained in this Agreement, the parties agree to settle this matter with the following terms and conditions:

STIPULATIONS AND CONSENTS

1. Respondent stipulates and agrees as follows:
 - A. Respondent neither admits nor denies the allegations set forth in the above Recitals.

B. Respondent shall pay an administrative fine in the amount of \$5,000 within 30 calendar days following the execution of this Agreement. The fine must be made payable to the State of Montana and sent to the Office of the Commissioner of Securities and Insurance, Montana State Auditor, c/o Nick Mazanec, 840 Helena Avenue, Helena, MT 59601.

C. For a period of five years from the date of the Final Order, Respondent shall notify the CSI Deputy Securities Commissioner prior to his participation in any multilevel distribution company (MLM) as defined in § 30-10-324(4). This condition applies regardless of whether the MLM is registered with the State of Montana as required under §30-10-216.

“Participation” includes selling any MLM product or service; directly or indirectly promoting, recommending, or referring a person to any MLM product, service, or compensation plan; participating in any MLM compensation structure wherein Respondent sponsors or is sponsored by another person in the structure, or receives a pecuniary or other benefit based upon the efforts of other persons within the structure; or paying a MLM or its representative, whether directly or through the purchase of a product or service, for the opportunity to participate in a compensation plan or structure. “Participation” does not include the purchase of a MLM product or service for personal consumption or use, so long as the MLM does not market or offer that product or service as a means for the purchaser to earn income.

D. To the best of his knowledge, Respondent has provided the CSI with the names of all persons who Respondent referred to the Program and who he directly sponsored in the Program (*see* Exhibit A). Respondent has offered certain Montana resident-participants payment for monies lost through participation in the Program. If and to the extent Respondent or the CSI identifies other Montana residents Respondent referred and directly sponsored in the

Program, then Respondent shall offer payment to those individuals for 50 percent of monies lost through participation in the Program.

E. Respondent will comply with the terms and conditions of this Agreement, the Act, and all other regulations of the State of Montana.

F. With respect to the Recitals, Respondent specifically and affirmatively waives a contested case hearing and his right to appeal under the Montana Administrative Procedure Act, Mont. Code Ann. § 2-4-101 et seq. (MAPA), and elects to resolve this matter on the terms and conditions set forth herein.

G. Respondent acknowledges that he was advised of the right to be represented by legal counsel and that such legal representation was satisfactory.

H. Respondent acknowledges that he has read and understands each term of this Agreement.

I. Respondent acknowledges and enters into this Agreement voluntarily and without reservation.

J. Respondent fully and forever releases and discharges the CSI from any and all actions, claims, causes of action, demands, or expenses for damages or injuries, whether asserted or unasserted, known or unknown, foreseen or unforeseen, arising out of the Recitals.

2. The CSI stipulates and agrees that upon payment of the aforementioned administrative fine, the CSI will notify Kovack Securities, Inc. that Respondent and CSI have resolved this matter according to the terms herein.

3. All parties to this Agreement stipulate and agree as follows:

A. This Agreement resolves the matter set forth in the Recitals, and the CSI agrees not to impose any penalty, fine, or other disciplinary action for the conduct detailed

therein. Respondent has informed the CSI regarding his Participation (defined above) in the TelexFree and Apex Revenue MLM programs prior to the date of this Agreement. Respondent has further informed the CSI that he has terminated his Participation in the TelexFree and Apex Revenue MLM programs prior to the date of this Agreement.

B. This Agreement is entered without adjudication of any issue, law, or fact. It is entered solely for the purpose of resolving the matter described in the Recitals and is not intended to be used for any other purpose. For any person or entity not a party to this Agreement, this Agreement does not alter, limit, or create any private rights or remedies against the parties.

C. This Agreement constitutes the entire agreement between the parties on this matter. No other promises or agreements, either express or implied, have been made between the CSI, or any member, officer, agent, or representative of the CSI, and Respondent related to this matter.

D. This Agreement may not be modified orally. Any subsequent modifications to this Agreement must be in a mutually-agreed writing with the same formality as this Agreement.

E. This Agreement shall be incorporated into and made part of the attached Final Order issued by the Commissioner of Securities and Insurance, Montana State Auditor, herein.

F. This Agreement shall be effective upon signing of the Final Order.

G. This Agreement and Final Order are public records under Montana law and as such may not be sealed or otherwise withheld from the public.

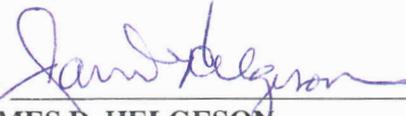
DATED this 2nd day of June May, 2014

**OFFICE OF THE COMMISSIONER OF
SECURITIES AND INSURANCE,
MONTANA STATE AUDITOR**

By: 

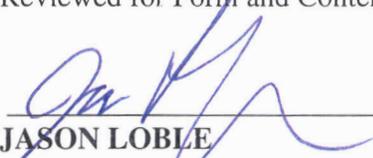
NICK MAZANEC
Attorney for the CSI

DATED this 12th day of May, 2014

By: 

JAMES D. HELGESON

Reviewed for Form and Content:



JASON LOBLE
Crowley Fleck PLLP
Counsel for Respondent

FINAL ORDER

Pursuant to the authority vested by Mont. Code Ann. §§ 2-4-603 and 30-10-101 et seq. and upon review of the foregoing Consent Agreement and good cause appearing,

IT IS HEREBY ORDERED that the foregoing Consent Agreement between the Office of the Commissioner of Securities and Insurance, Montana State Auditor, and Respondent James D. Helgeson is adopted as set forth fully herein.

DATED this 2nd day of June, 2014.

MONICA J. LINDEEN
Commissioner of Securities and Insurance
Montana State Auditor

By:


ADAM SCHAFER
Deputy State Auditor