

# Consumer Alert: ZeekRewards

On Friday, August 17, the Securities and Exchange Commission (SEC) filed a [complaint](#) against ZeekRewards and its parent company, Rex Venture Group, LLC, for allegedly [running a \\$600 million global Ponzi and pyramid scheme](#).

More than 1,200 Montanans who invested over \$3 million in ZeekRewards may be affected by the order.

## What is a Ponzi scheme?

A Ponzi scheme is an investment scam that pays returns to old investors with money from new investors. Over time, as new investors are harder to find, the scam runs out of money and collapses.

The SEC froze ZeekRewards' remaining funds -- an estimated \$225 million -- which will be managed by a court-appointed receiver through the long process of unwinding the company.

ZeekRewards was tied to Zeekler.com, a penny auction website where users pay \$1 to place a 1-cent bid on items ranging from gift cards to jewelry and electronics. Each bid raises the auction price of the item until time runs out.

In the end, expensive items often appear to have sold for a fraction of their retail price, but unlike traditional auctions where only the winner pays, any user who did not win still pays for each bid they placed.

## What is a penny auction?

A penny auction is a type of auction that requires participants to pay a non-refundable fee for each one cent bid they place, regardless of whether or not they win the auction.

## What is a pyramid scheme?

A pyramid scheme is an investment scam where participants make money by recruiting new investors. Returns are paid with money from new recruits, who in turn must recruit new members to make money.

Zeekler users were encouraged to join ZeekRewards and become a "Qualified Affiliate" with an initial investment of up to \$10,000. Affiliates received bids that they were to give away to entice new members to join Zeekler and ZeekRewards.

Affiliates were told they would receive half of the bids they gave away as a credit to their account, and at the end of each day, ZeekRewards would credit their accounts with a percentage of the day's earnings.

For many affiliates in Montana, the value shown in their ZeekRewards accounts indicated they had made thousands of dollars from their initial investment. In reality, however, it appears there was no money behind the supposed earnings shown in ZeekRewards.

ZeekRewards affiliates in Montana should contact the [Montana Commissioner of Securities and Insurance](#) at 800-332-6148 for more information.

The SEC has also established a website where the court-appointed receiver will provide updates as ZeekRewards' assets are calculated and distributed to harmed investors.

## More Information:

- [Learn about safe investing at csi.mt.gov](#)
- [Read the SEC's press release](#)
- [Find updates from the ZeekRewards Receiver](#)

**csi.mt.gov**  
**1-800-332-6148**

