



or the 'Matrix'. Through the Retail Profit Pool, affiliates were promised to share in 'up to 50% of the daily net profits' of Zeekler.com." As for the Matrix, the complaint alleges that this 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."

The complaint alleges that the "Retail Profit Pool" and the "Matrix" were both marketed to investors as offering the investors an opportunity to earn "daily dividends" that "averaged approximately 1.7 percent per day." "Affiliates had the option to receive their daily 'award' as: (i) a cash payment; (ii) additional Profit Points; or (iii) a combination of both. ZeekRewards and Burks encourage[d] affiliates to convert at least 80% of their daily award into additional Profit Points rather than take cash. Most affiliates followed this suggested approach under the promise of compounded future cash payments." The allegations further state, however, that "[d]efendants . . . could not sustain the average 1.7 percent daily dividend because ZeekRewards issued so many Profit Points that it would owe nearly \$45 million dollars per day if affiliates elected cash payments rather than valueless Profit Points." Therefore, the complaint alleges that "the ZekeRewards was a two-pronged fiction in that: 1) the Retail Profit Pool was merely a Ponzi scheme in which new affiliates were recruited to pay cash claims from old affiliates and all affiliates were encouraged to obtain payment in valueless Profit Points, all in an effort to minimize cash claims; and 2) the Matrix was merely a pyramid scheme in which older affiliates were paid from the subscriptions of newer recruits, who in turn were required to continue to recruit to expand the base of the pyramid to sustain it."

Based on these allegations, the complaint alleges seven causes of action against the defendants: (i) conversion; (ii) false pretenses; (iii) violation of the N.C. Securities Act; (iv) unfair and deceptive trade practices; (v) willful and wanton conduct deserving of punitive damages; (vi) civil conspiracy; and (vii) a claim for imposition of a constructive trust. The purported plaintiff class seeks, *inter alia*, "certification of this lawsuit as a class action," an award of "treble damages for each claim proven . . . pursuant to N.C. Gen. Stat. [§]§ 75-1.1, *et seq.*" and "punitive damages pursuant to N.C. Gen. Stat. §§ 1D-1, *et seq.*"

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**Where:** North Carolina Superior Court for Davidson County

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**When:** August 22, 2012

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