UNited States of America
Before the
Securities and Exchange Commission

Securities Act of 1933
Release No. 9460 / September 30, 2013

Administrative Proceeding
File No. 3-15540

In the Matter of
Adam Troy Dooly,
Respondent.

Order Instituting Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order

I.

The Securities and Exchange Commission ("Commission") deems it appropriate that cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 8A of the Securities Act of 1933 ("Securities Act"), against Adam Troy Dooly ("Dooly" or "Respondent").

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the "Offer") which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over him and the subject matter of these proceedings, which are admitted, Respondent consents to the entry of this Order Instituting Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order ("Order"), as set forth below.

III.

On the basis of this Order and Respondent’s Offer, the Commission finds¹ that:

¹ The findings herein are made pursuant to Respondent's Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.
1. Dooly, age 49, is a resident of Destin, Florida. Through his entity Deep South Companies, he provides consulting and public relations services to direct selling businesses, including internet-based network marketers. He also operates numerous websites, including MLMHelpdesk.com, through which he broadcasts news and information about the direct selling industry.

2. From at least April 2012 until August 2012, Dooly served as a paid consultant to Rex Venture Group, LLC (“RVG”), the parent company of ZeekRewards.com (“ZeekRewards”), the self-described “affiliate advertising division” for a penny auction website known as Zeekler.com. ZeekRewards operated as a multi-level marketing 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. Rather than promoting penny auctions, however, RVG primarily marketed ZeekRewards to investors as an opportunity to earn passive income indefinitely through their participation in the program.

3. Under two successive contracts, RVG agreed to pay Dooly $6,000 per month to provide various consulting and public relations services that included, among other things, responding to negative press about RVG and ZeekRewards; providing live reporting from company events; conducting video chat interviews to “promote company, founders, officers, products and culture”; and providing media exposure to facilitate market penetration and improve public perception. In furtherance of the foregoing, Dooly promoted ZeekRewards on his website, MLMHelpdesk.com; posted blog entries and youtube.com videos giving publicity to ZeekRewards; and conducted at least one radio interview promoting the company.

4. Dooly provided the agreed services until ZeekRewards was shut down by the SEC in August 2012 for operating an illegal pyramid and Ponzi scheme. For all his services, Dooly earned $24,000 in consulting fees, but he never received the last $6,000 payment because the company’s assets were frozen (thus receiving only $18,000). Of that total, $3,000 or approximately 17% was attributed to public relations or promotion in various media outlets.

5. In each instance of public relations or promotion in various media outlets, Dooly failed to disclose to his readers and listeners that RVG was paying him for such publicity. Dooly believed that, pursuant to a non-disclosure agreement, RVG maintained the exclusive right to determine whether or not to disclose Dooly’s consulting agreement and the amount of compensation. Because RVG did not authorize such disclosure, Dooly declined to reveal his compensation and, in at least one instance, Dooly denied (or misled his audience about) receiving compensation from RVG (apart from reimbursement of expenses) when asked about his compensation during a public radio program.

6. As a result of the conduct described above, Dooly violated Section 17(b) of the Securities Act, which prohibits publishing, giving publicity, or circulating “any notice, circular, advertisement . . . or communication which, though not purporting to offer a security for sale, describes such security for a consideration received or to be received, directly or indirectly, from an issuer . . . without fully disclosing the receipt, whether past or prospective, of such consideration and the amount thereof.”
In the pending case of *SEC v. Rex Venture Group LLC et al.*, Civil Action No. 3:12-CV-519 (W.D.N.C., filed Aug. 17, 2012), in which the complaint alleges violations arising from substantially similar facts as set forth herein, the Court has appointed Kenneth Bell, Esq. as receiver (the “Receiver”).

IV.

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondent Dooly’s Offer.

Accordingly, it is hereby ORDERED that:

A. Pursuant to Section 8A of the Securities Act, Respondent Dooly cease and desist from committing or causing any violations and any future violations of Section 17(b) of the Securities Act.

B. Pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, as amended, a Fair Fund is created for the disgorgement, interest, and penalties described in Paragraph C below. Amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Respondent agrees that in any Related Investor Action, he shall not argue that he is entitled to, nor shall he benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondent’s payment of a civil penalty in this action (“Penalty Offset”). If the court in any Related Investor Action grants such a Penalty Offset, notify the Commission’s counsel in this action and pay the amount of the Penalty Offset to the United States Treasury or to a Fair Fund, as the Commission directs. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding.

C. Respondent shall pay disgorgement of $3,000, prejudgment interest of $98.81, and civil penalties of $3,000 to the Receiver. Cf. 17 C.F.R. § 201.1102(a). Such payments, in accordance with the schedule set forth below, shall be: (A) made by United States postal money order, certified check, bank cashier’s check or bank money order; (B) made payable to Kenneth Bell, Esq., court-appointed Receiver for Rex Venture Group LLC d/b/a ZeekRewards.com; (C) hand-delivered or mailed to Kenneth Bell, Esq., McGuire Woods, LLP, 201 North Tryon Street, Charlotte, NC 28202-2146; and (D) submitted under cover letter that identifies Dooly as a Respondent in these proceedings, the file number of these proceedings, a copy of which cover letter and money order or check shall be sent to Brian M. Privor, Division of Enforcement, Securities and Exchange Commission, 100 F Street, N.E., Mail Stop 5546, Washington, DC, 20549-5546. Such payment shall be made according to the following schedule:
• $3,098.81, representing disgorgement and prejudgment interest, shall be paid within 10 days of the entry of this Order; and
• $3,000.00, representing civil penalties, shall be paid within 90 days of the entry of this Order.

If timely payment is not made, additional interest shall accrue pursuant to SEC Rule of Practice 600 or pursuant to 31 U.S.C. 3717.

By the Commission.

Elizabeth M. Murphy
Secretary