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Zeta Global Holdings Corp (ZETA): Shams, Scams, and Spam

We are short Zeta Global Holdings Corp (“ZETA”, “the Company”) for two distinct, but related reasons, each of which we believe undermine the integrity of the Company’s data collection and reported financials. First, we believe Zeta has formed “two-way” contracts with third party consent farms wherein the Company simultaneously acts as both a supplier and a buyer of consumer data, not only allowing the Company to flatter reported revenue growth, but raising round tripping concerns. Second, we believe that Zeta has quietly spun up its own network of consent farms i.e., sham websites that hoodwink millions of consumers each month into handing their data over to Zeta under false pretenses, baited by job applications, stimulus money, or other rewards that simply do not exist. We believe that these consent farms have driven almost the entirety of Zeta’s growth over the past 2+ years and now represent 56% of reported Adj. EBITDA. We think the Company faces potentially devastating regulatory action, as these practices look to us nearly identical to the ones that landed both Fluent (FLNT) and MediaAlpha (MAX) in the FTC’s crosshairs.

In September 2024, the former CEO of Kubient (KBNT) [pled guilty](#) to DOJ fraud charges alleging that Kubient engaged in fictitious “round tripping” transactions with an unnamed beneficiary, “Company-1.” Based on our review of Zeta’s own disclosures and conversations with familiar sources, we find it highly probable that Zeta was the unnamed counterparty to that fraudulent contract. Zeta provides only sparse disclosures of its connection to Kubient, disclosing that it received SEC subpoenas but distancing itself by claiming that the relationship ended in 2020. However, Zeta tells on itself, as the fraudulent contract was struck in October 2019 (i.e., prior to 2020), while the entire premise of the fraud relies on the notion that the business dealings were faked in the first place.

We think Zeta’s round tripping issues run much deeper than just Kubient, however. Our report presents substantial evidence to suggest that Zeta holds additional “two-way” contracts with its advertising partners, many of which are *other* consent farms. For example, Zeta-run websites disclose that the Company sells customer data to Digital Media Solutions (“DMS”), which went bankrupt in September 2024. We uncovered an October 2024 bankruptcy filing in which DMS names “Zeta: Apptness” as a “major customer”, suggesting that the two groups are selling data back and forth, i.e., *de facto* round-tripping. Zeta has not disclosed the extent of these “two-way” contracts – after all, the Company has kept quiet about its massive consent farm operation in the first place – but we counted at least 20 consent farming websites that Zeta lists among its partners.

We find these deals particularly interesting in light of charges filed against an executive from Zeta CEO David Steinberg’s prior company, InPhonic, Inc. InPhonic not only went bankrupt and received FTC charges for a customer rebate scheme, but in 2012, the SEC charged a former InPhonic executive for “*a fraudulent scheme involving a series of ‘round trip transactions to artificially inflate InPhonic’s financial results’*” from 2005 to 2007; i.e., during Steinberg’s time as CEO, leading up to the Company’s bankruptcy. Curiously, the SEC complaint also alleges that the fraud was hidden from auditors.

In the Company’s 2023 Form 10-K, Zeta disclosed for the first time that its auditor E&Y identified revenue recognition related to “*contracts with third parties in which the Company is acting as both a vendor and a customer*” as a critical audit matter. Zeta is the only public company that we found that has disclosed a critical audit matter including this language within the past 5 years. Tellingly, E&Y addressed the matter by selecting only “*a sample of contracts*” for testing, suggesting to us that these contracts are large in number and/or scope.

Second, we believe Zeta now quietly generates its most valuable data – responsible for almost the entirety of the Company’s growth in the past 2+ years and driving 56% of LTM EBITDA – from a network of predatory consent farms, underpinned by the Company’s acquisitions of Apptness Media Group, LLC (“Apptness”) and Arcamax Publishing, Inc. (“Arcamax”). Zeta has provided investors with what appear to be intentionally vague descriptions of these two businesses, calling Apptness “*a digital survey solution*” and Arcamax an “*email-distribution network*.” However, our research exposes their deceptive data collection methods.

We uncovered at least 40 websites run by Apptness and Arcamax – with names such as higherincomejobs.com, onlygreatjobs.com, stimmoney.com, and unclaimedmoneyinfo.com – that bait visitors into disclosing data to Zeta under the promise of job applications, stimulus checks, or other rewards that don't actually exist. These are massive operations: SimilarWeb data reveals that these sites have received an astounding 158.7 million visits from 85.9 million unique visitors in the past year alone. Our conversations with former employees, a September 2023 class action lawsuit, our own experiences alongside numerous online complaints corroborate our views regarding the deceptive way that Zeta gathers “opted-in” data.

Similarly, Zeta acquired Arcamax, which operates under the guise of a news aggregator, but we believe has become another critical piece of Zeta's consent farm operation. For its part, Arcamax prompts users to subscribe to its newsletters, then sends users dupe confirmation emails prompting users to enter their personal information to “*access members only offers*” which in the end simply redirect users to additional consent farms. SimilarWeb data reveals that 74% of Arcamax's outbound traffic redirects to two Zeta-owned consent farms, each of which Zeta set up just weeks after acquiring Arcamax, suggesting that these bait and switch tactics were part and parcel to Zeta's plan for Arcamax all along.

We expect Zeta to face intense FTC scrutiny, especially as the agency recently charged Fluent (FLNT) and is now seeking injunctive and monetary relief against MediaAlpha (MAX) for running what appears to us like almost identical schemes. One former Fluent employee told us that “*the 2023 FTC charges precipitated a dramatic movement of clients from Fluent over to Zeta*” and “*there's no doubt*” that the same problematic practices are now occurring at Zeta. Tellingly, Apptness's former Chief Revenue Officer, now an SVP at Zeta, was formerly employed in increasing roles at Fluent from 2011 to 2020 – the exact timeframe that the FTC alleged fraudulent conduct at Fluent. He left Fluent for Apptness less than a year after the FTC begun its investigation.

We also find the conduct of Zeta's marketing partners highly problematic in light of these FTC charges, which not only called out Fluent for its own conduct, but also for “*failing to prevent their publishers from engaging in this illicit conduct*” including “*ads that are facially deceptive*” and “*other abusive tactics, such as text message spamming and browser hijacking.*” For its part, Zeta sells its consent farm data to groups such as Flatiron Media, which operates websites like “Everyday Winner” that bait consumers with cash prizes. Flatiron has been engaged in a 2-year legal battle defending alleged TCPA violations, while its Managing Director was previously the CEO of Arcamax, which Zeta acquired in March 2022, adding yet another layer to our mounting list of concerns.

We believe these consent farms have become critical to Zeta's business. One former employee told us that on a combined basis, Apptness and Arcamax were internally expected to generate \$300 million in revenues after 2 years under Zeta's control. Meanwhile, Zeta management themselves bragged that the acquisitions were margin accretive and have since driven “*new organic revenue at favorable margins.*”

We think Fluent's history provides a helpful guide to Zeta's future. Shares have unraveled 65% since the FTC first announced an inquiry in March 2023, while the company now sports a mere \$50 million market cap, or 0.2x revenues. Zeta trades at an eye-watering 7.2x revenues or 51x its \$167 million in LTM Adj. EBITDA, while the entirety of Zeta's “earnings” are soaked up after accounting for the Company's egregious \$215 million in LTM stock based compensation. We are short Zeta and believe the stock unravels in short order.

Introduction to Zeta Global: Core Asset is Fresh, “Opted-in” Consumer Data

Zeta Global calls itself “a leading omnichannel data-driven cloud platform that provides enterprises with consumer intelligence and marketing automation software.” In layman’s terms, Zeta is in the business of collecting what it refers to as “opted-in” consumer data, then using technology to analyze that data, then selling that data to other businesses who use it to better reach and engage with their customers.

As such, Zeta’s core value proposition lies in ability to collect valuable consumer data. Zeta’s IPO materials refer to its “proprietary identity data” as a key competitive advantage, while the Company’s most recent annual report reiterates that consumer data is “the first pillar” of its platform. However, all consumer data is not the same; its value depends on many factors, including both origin and recency. In the words of Zeta’s SVP of IR, Scott Schmitz:

“If you haven't interacted with any brand or anything in 6 years, we don't really want to use you as someone to advertise to... So to the extent that we can enhance the signal strength of that, which you've seen with ArcaMax and Apptness as well as alternative sources of identity data. So everything that just enhances the graph, we'll continue to pursue.”¹

Thus while Zeta touts the size of its data cloud, the Company must continue gathering new data to remain relevant. As reiterated by one former employee we spoke with, data ideally ought to have “some element of freshness to it. They [Zeta] have to be cognizant of keeping up.” Or in the view of one industry expert we spoke with who has known and worked with Zeta for over a decade:

“A lot of what they [Zeta] say are competitive differentiators are really all the same... It's kind of the 80/20 rule: 20% of the data drives 80% of the value. So the question is what is that 20? The recency of the data is most important.”

To that end, Zeta claims in its annual report to collect data “directly from consumers via interactions with the Company’s platform or with partners’ services.” Zeta consistently cites its blog comment hosting service, DISQUS, as one primary data source. However, we believe that over the past 3 years, the bulk of Zeta’s most valuable data, and consequently its earnings, have been secretly generated from a shadowy network of “consent farms” – websites designed to gather consumer data under false pretenses.

Zeta Acquires Apptness and Enters the Consent Farming Business

Zeta’s entry into consent farming can be traced back to the Company’s October 2021 acquisition of Boca Raton-headquartered Apptness Media Group, LLC (“Apptness”). Zeta’s deal announcement originally called Apptness “a digital survey platform”, while weeks later on the Company’s Q3 2021 earnings call, CEO Steinberg made nebulous claims that Apptness is “focused in the jobs market...” Apptness’s own [website](#) – despite being laden with buzzwords – remains similarly, and perhaps intentionally vague regarding what the business actually does.

However, using a reverse website [lookup service](#), we found that Apptness Media owns at least 3 websites, each of which appear to be job board websites, including [higherincomejobs.com](#) and [higherincomejobs.net](#). In December 2023, Apptness filed a Florida [fictitious name registration](#) for “[Higher Income Jobs](#)”, corroborating its ownership:

¹ Company conference call dated June 7, 2022

Reverse Whois results for apptness
=====

There are 3 domains that matched this search query.
These are listed below:

Domain Name	Creation Date
bestonlygreatjobs.com	2020-02-04
higherincomejobs.net	2017-03-20
onlygreatjobssolutions.com	2020-01-20

Fictitious Name to be Registered: HIGHER INCOME JOBS

Mailing Address of Business: 160 W CAMINO REAL
#682
BOCA RATON, FL 33432

Florida County of Principal Place of Business: MULTIPLE

FEI Number:

Owner(s) of Fictitious Name:
APPTNESS MEDIA GROUP, LLC
399 NW 2ND AVE, STE#100
BOCA RATON, FL 33432
Florida Document Number: L15000129486
FEI Number: 81-1124388

**FILED
Dec 05, 2023
Secretary of State**

At first glance, higherincomejobs.com appears to be a run-of-the-mill job board. However, the vast majority of website visitors do not land directly on the higherincomejobs.com home page, as one might expect from someone using the website like they do LinkedIn. Instead, SimilarWeb data shows that 98% of inbound website visitors land on subdomains such as “amazon03.higherincomejobs.com”, “fedex05.higherincomejobs.com” or “goodwill01.higherincomejobs.com” as illustrated below:

Sponsored

Higher Income Jobs
https://www.higherincomejobs.com > fedex-jobs

(Recommended FedEx Jobs)

FedEx Jobs \$14-\$29+/hr — Apply for **FedEx Jobs & Careers Online, FedEx Employment.** Training Available. Get Hired Now

Higher Income Jobs
https://goodwill01.higherincomejobs.com > fedex

Why You Should Consider a Career at FedEx Corp.
FedEx Careers offer one of the best benefit and pay packages in the industry. ... At Higher Income Jobs we work to match applicants with great employers and ...

Higher Income Jobs

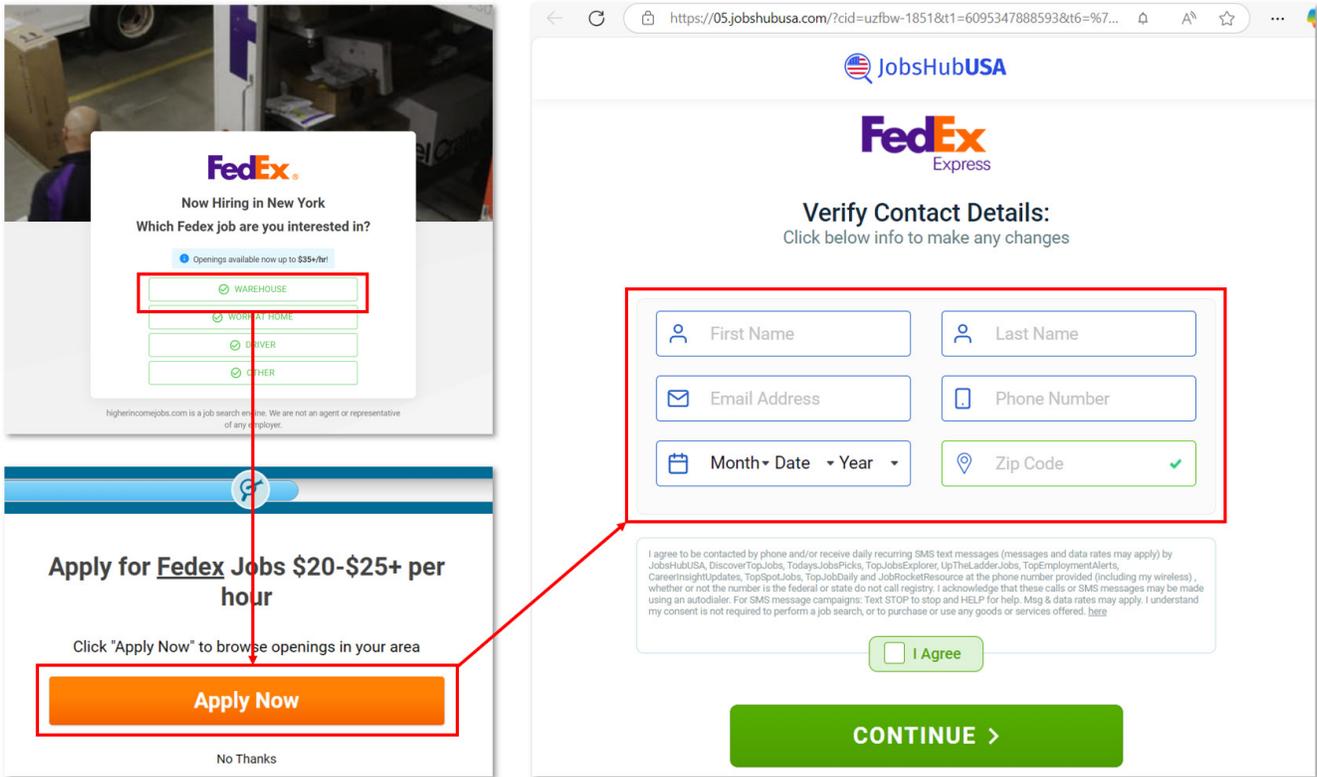
https://fedex05.higherincomejobs.com/continue?z=NTgzZTdmNDEyMwlyNDg1ZWZhZr

Higher Income Jobs

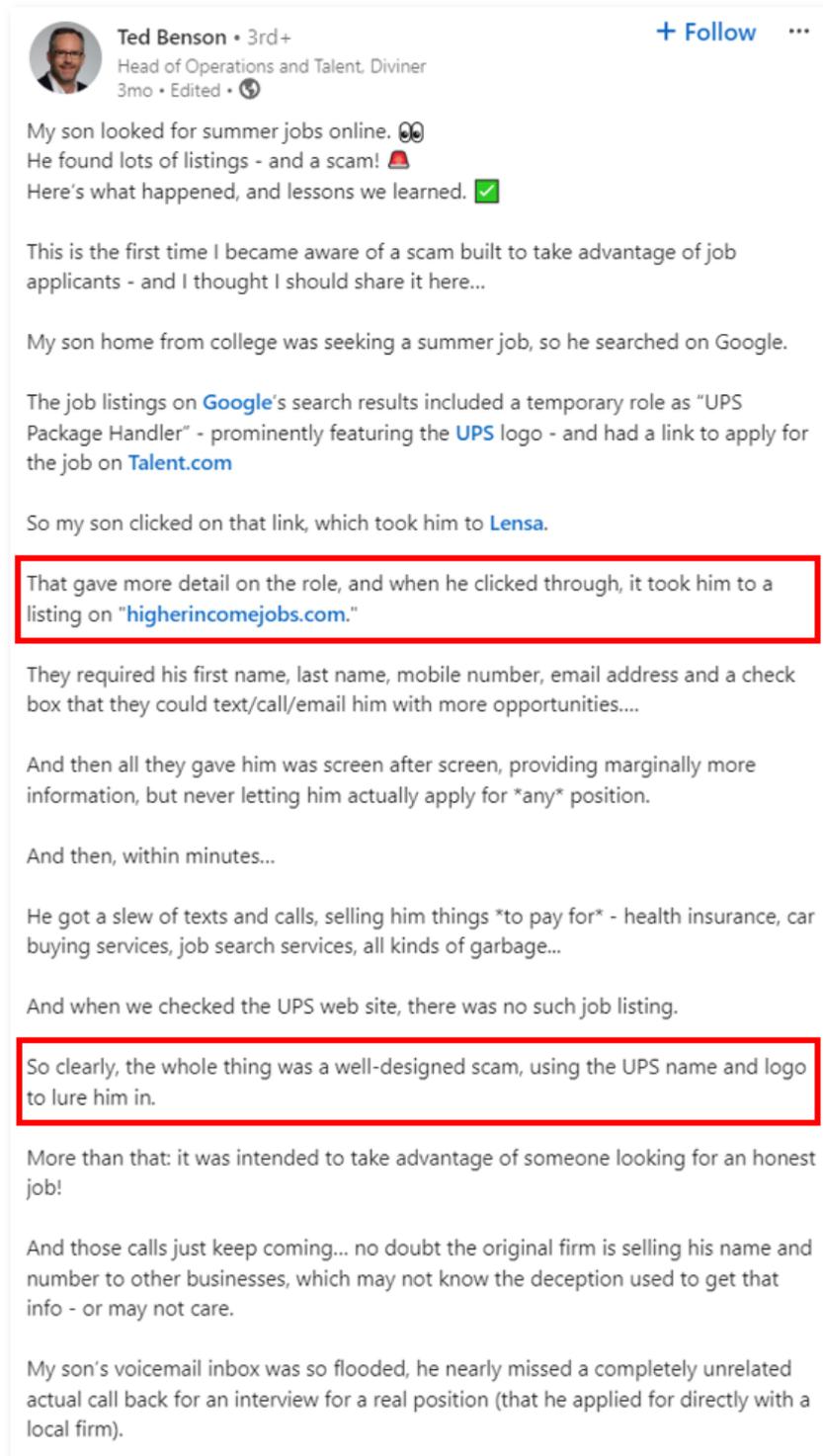
https://goodwill01.higherincomejobs.com/articles-and-guides/fedex?z=UD1GW

HigherIncomeJobs

Once visitors land on one of these pages, they are baited into submitting their personal information, as the sites blatantly rip off logos from would-be employers such as FedEx, despite having no affiliation with the employer. We visited numerous higherincomejobs.com listings, and rather than being met with genuine job applications, every single link we followed led us instead to “dummy” pages designed to reap our personal information.



Comments from multiple online [forums](#), [user complaints](#), and a September 2023 class action lawsuit suggest that millions of users have been duped into submitting their personal information to higherincomejobs.com. See, for example, one father who [shared the story of his son's experience](#), explicitly calling the Zeta-run consent farm “a well-designed scam.”



Ted Benson • 3rd+
Head of Operations and Talent, Diviner
3mo • Edited • 🌐

+ Follow ...

My son looked for summer jobs online. 😞
He found lots of listings - and a scam! 🚫
Here's what happened, and lessons we learned. ✅

This is the first time I became aware of a scam built to take advantage of job applicants - and I thought I should share it here...

My son home from college was seeking a summer job, so he searched on Google.

The job listings on [Google's](#) search results included a temporary role as "UPS Package Handler" - prominently featuring the [UPS](#) logo - and had a link to apply for the job on [Talent.com](#)

So my son clicked on that link, which took him to [Lensa](#).

That gave more detail on the role, and when he clicked through, it took him to a listing on "[higherincomejobs.com](#)."

They required his first name, last name, mobile number, email address and a check box that they could text/call/email him with more opportunities...

And then all they gave him was screen after screen, providing marginally more information, but never letting him actually apply for *any* position.

And then, within minutes...

He got a slew of texts and calls, selling him things *to pay for* - health insurance, car buying services, job search services, all kinds of garbage...

And when we checked the UPS web site, there was no such job listing.

So clearly, the whole thing was a well-designed scam, using the UPS name and logo to lure him in.

More than that: it was intended to take advantage of someone looking for an honest job!

And those calls just keep coming... no doubt the original firm is selling his name and number to other businesses, which may not know the deception used to get that info - or may not care.

My son's voicemail inbox was so flooded, he nearly missed a completely unrelated actual call back for an interview for a real position (that he applied for directly with a local firm).

In September 2023, one consumer, Cindy Luchinske, filed a class action lawsuit against Apptness, alleging that after being deceived by one of Apptness's job boards, Apptness bombarded her cell phone with "at least 19 text messages" that in turn contained links to "URLs which directed Luchinske to domains..." controlled by Apptness,

including higherincomejob.com, despite Luchinske being listed on the do not call registry. Zeta settled the suit in March 2024, the terms of which remain undisclosed.²

5	UNITED STATES DISTRICT COURT	
6	EASTERN DISTRICT OF WASHINGTON	
7		
8	Cindy Luchinske,	Case No.: 2:23-cv-267
9	Plaintiff,	CLASS ACTION COMPLAINT
10		JURY DEMAND
11	v.	
12	Apptness Media Group, LLC	
13	Defendant.	
14	CLASS ACTION COMPLAINT	
15		
16	1.	Americans receive billions of spam text messages every year.
17	2.	Defendant Apptness Media Group, LLC (“Apptness” or “Defendant”)
18		is a media company that facilitates calling and sending texts to consumers
19		nationwide for the purpose of selling a variety of products and services and is a
20		major participant in this spam.
21		
22		

Importantly, **Higher Income Jobs is just one node within a massive network of web properties Zeta has spun up in service of its consent farming scheme.** See that Higher Income Jobs lists within its [terms and conditions](#) an address in Boca Raton, Florida, as shown below.

Higher Income Jobs (DBA Registration Number G16000103992)
 new openings right in your city, town or neighborhood. For more i
 HigherIncomeJobs.com
 160 W. Camino Real Unit #682
 Boca Raton, FL 33432
 support@higherincomejobs.com

We cross-referenced common addresses, phone numbers, and corporate records to find at least 40 websites that appear to be run by Apptness – many of which have been registered in the past 3 years, as detailed in the table below.³ For example, even though whois records do not name Apptness as the owner of “unclaimedmoneyinfo.com”, Mississippi corporate records revealed that in January 2024, Apptness Media Group LLC [incorporated](#) a branch located at a UPS store mailbox in Mississippi. Just one month later, this Apptness

² U.S. District Court, Eastern District of Washington (Spokane) Civil Case #: 2:23-cv-00267-TOR

³ See Appendix for full list of supporting documentation.

branch registered a fictitious name under “Unclaimed Money Info”, as shown below. unclaimedmoneyinfo.com once again dangles the prospect of “unclaimed money” to its visitors, only to collect users’ data, much like we saw of the sham job listings offered by higherincomejobs.com.

The image shows two side-by-side screenshots. The left screenshot is a document from the State of Mississippi, titled "Fictitious Business Name Registration". It is signed by Michael Watson, Secretary of State. The document includes the following information:

- F0070**
- Fee: \$ 25**
- P.O. BOX 136
JACKSON, MS 39205-0136
TELEPHONE: (601) 359-1633
- Business Information**
 - Business ID:** 1424678
 - Legal Name:** Appiness Media Group, LLC
 - Business Type:** Limited Liability Company
- Fictitious Business Name Information**
 - Fictitious Business Name:** Unclaimed Money Info
 - NAICS Code:** 541810 - Advertising Agencies
- Street Address(es) of Business Using Name**
1490 W. Government St. Suite 7 , Box 111
Brandon, MS 39042

The right screenshot is a website interface for "UNCLAIMED MONEY INFO". It features a blue header with an American flag icon and the text "UNCLAIMED MONEY INFO". The main heading is "Do You Have Unclaimed Money?". Below this, it states: "There is over \$50 Billion in Unclaimed Money & Assets in America.* If there is money in your name, getting your cash is just steps away." A red arrow points from the "Legal Name" field in the registration document to the "Sign Up To Get Your Guide to Claim Your Money Today" section of the website. This section includes an "Email Address" input field, a checkbox for "I understand the data policies that govern this site, how my data is used, disclosed, and shared & what I get as a user.", and a red "Continue" button.

SimilarWeb data further estimates that in total, over the last twelve months (ended October 2024) these websites collectively received an astounding 158.7 million from 85.9 million unique visitors.

#	Website	Date Registered	Last Updated	LTM Visits (Ms)	LTM Unique Visitors (Ms)
1	higherincomejobs.com	Sep-16	Sep-24	62.2	36.2
2	onlygreatjobs.com	Dec-17	Nov-23	43.0	20.1
3	stimmoney.com	Mar-20	Feb-24	14.7	7.4
4	freshcareerfinder.com	Aug-16	Jul-24	12.7	6.1
5	unclaimedmoneyinfo.com	Jul-20	Jun-24	9.8	5.6
6	apptrck.com	Mar-20	Feb-24	8.7	5.7
7	eligibilitylookup.com	Sep-20	Aug-24	2.0	1.3
8	arcamaxjobs.com	Apr-22	Apr-23	1.6	1.2
11	jobzoodle.com	Nov-21	Oct-24	1.2	0.8
9	topjobofferstoday.com	May-23	Apr-24	0.9	0.4
10	signupconfirmed.com	Jun-22	May-24	0.8	0.6
14	bingearcamax.com	Sep-22	Jul-24	0.5	0.3
13	localcareerz.com	Dec-20	Nov-23	0.3	0.2
12	mybestjobmatch.com	May-23	Apr-24	0.3	0.2
15	americanjobfinder.com	Dec-20	Nov-23	n/a	n/a
16	yourmorningtea.com	Feb-21	Dec-23	n/a	n/a
17	americanresourcehub.com	Feb-21	Jan-24	n/a	n/a
18	welcomeconfirmation.com	Jun-22	May-24	n/a	n/a
19	betterincomesearch.com	Sep-22	Aug-24	n/a	n/a
20	hijnow.com	Feb-23	Jan-24	n/a	n/a
21	getmorehigherincomejobs.com	Feb-23	Jan-24	n/a	n/a
22	higherincomeplans.com	Mar-23	Feb-24	n/a	n/a
23	higherincomejobsworld.com	Mar-23	Feb-24	n/a	n/a
24	finesthigherincomejobsonline.com	Mar-23	Feb-24	n/a	n/a
25	preferablehigherincomejobs.com	Mar-23	Feb-24	n/a	n/a
26	getworkfromhomejobs.com	May-23	Apr-24	n/a	n/a
27	searchjobsdirect.com	May-23	Apr-24	n/a	n/a
28	topdollarcareers.com	May-23	Apr-24	n/a	n/a
29	higherjobupdates.com	Jul-23	Jun-24	n/a	n/a
30	moreincomejobs.com	Jul-23	Jul-24	n/a	n/a
31	earnhigherincomes.com	Jul-23	Jul-24	n/a	n/a
32	gohigherincomejobsprime.com	Oct-23	Nov-24	n/a	n/a
33	higherincomejobscareers.com	Oct-23	Nov-24	n/a	n/a
34	gethigherincomejobonline.com	Mar-24	Mar-24	n/a	n/a
35	highincomecareeroptions.com	Apr-24	Apr-24	n/a	n/a
36	eliteearningopportunities.com	Apr-24	Apr-24	n/a	n/a
37	tophigherincomejobsforu.com	May-24	May-24	n/a	n/a
38	higherincomejobsupdate.com	May-24	May-24	n/a	n/a
39	higherincomejobsresult.com	May-24	May-24	n/a	n/a
40	registerednursingcareers.com	Jun-24	Jun-24	n/a	n/a
TOTAL				158.7	85.9

* *bolded domains auto-redirect to higherincomejobs.com or other ZETA websites*

n/a listed are redirects and/or insignificant web traffic less than 100,000 visits in the LTM

On Zeta's Q1 2022 conference call, CEO Steinberg stated that, "We also were really excited about the management teams in both of those companies [Apptness and Arcamax]." However, it's unclear to us exactly what about Apptness's management team made Steinberg excited in particular.

- Apptness's Chief Revenue Officer [Jonah Lovens](#) was Fluent's former SVP of Revenue for over 9 years, from December 2011 to December 2020, according to his LinkedIn. Lovens joined Apptness in 2021, less than a year prior to Zeta's acquisition of the Company. Coincidentally, the July 2023 FTC charges against Fluent – as we will discuss in greater detail further in this report – alleged that Fluent's fraudulent conduct began in 2011, and disclosed that the FTC issued Fluent a civil investigative demand in early 2020.⁴

Jonah Lovens
SVP, Chief Revenue Officer, Zeta Actions

FLUENT
Fluent, Inc
9 yrs 1 mo

- Senior Vice President, Revenue**
Jan 2020 - Dec 2020 · 1 yr
Greater New York City Area
- Vice President, Strategic Partnerships**
Feb 2016 - Jan 2020 · 4 yrs
Greater New York City Area
- Director, Performance Marketing & Business Development**
Jan 2015 - Jan 2016 · 1 yr 1 mo
Greater New York City Area
- Director, Ad Sales**
Oct 2013 - Jan 2015 · 1 yr 4 mos
Greater New York City Area
- Network Development Manager**
Dec 2011 - Sep 2013 · 1 yr 10 mos
New York

DEFENDANTS' UNLAWFUL CONDUCT

31. Since at least 2011, Defendants have operated a massive online lead generation enterprise that has deceptively induced tens of millions of consumers to disclose their personal information. Defendants have aggregated and sold consumers' information to their clients, who have used that information to inundate consumers with telephone, text message, and email solicitations about a multitude of products and services, including pain cream, for-profit education, insurance products, solar energy, extended auto warranties, debt reduction, medical alert devices, and more.

35. After receiving a Civil Investigative Demand at the outset of the FTC's investigation in early 2020, Defendants announced new measures purportedly designed to rein in their publishers. As a part of this alleged "compliance initiative," Defendants began relying less on publishers and more on their own advertising as a way of drawing consumers to their lead generation websites. Defendants' compliance initiative has been an abject failure. Fluent publishers have continued to distribute brazenly deceptive ads that Defendants could quickly and easily find and stop if they wanted to do so. Moreover, Defendants' own ads are misleading.

- Apptness's CEO [Dominik Szabo](#) was previously Vice President of Online Marketing at [Vapor Corp](#) (formerly OTC:VPCO, now OTC:HCMC) a.k.a. Vaporin, an e-cigarette vendor where Szabo's objective, per his LinkedIn, "was to build a self-sufficient eCommerce business from scratch." In 2013, Vapor [faced scrutiny](#) after a class action lawsuit alleged that the business was not properly disclosing its terms and conditions to customers. The stock, once trading on the OTC, collapsed and [rebranded](#) as Healthier Choices Management Corp. The company now sports a \$427,000 market cap. Today, Zeta continues to employ Szabo as SVP, Managing Director, Zeta Actions.

⁴ Lovens was never named or charged by the DOJ or FTC.



March 2022: Zeta Acquires Arcamax, Drives Its Traffic Back Into Consent Farms

In March 2022, Zeta doubled down on its consent farm business by acquiring Arcamax Publishing, Inc. (“Arcamax”). At first glance, Arcamax appears to be a mere news aggregation service, but in reality we believe Arcamax now serves as a critical piece of Zeta’s ongoing scheme. As shown below, when we visited Arcamax and attempted to sign up for one of its numerous supposed newsletters, Arcamax prompted us to “confirm” our subscription. However, that subscription link then directed us to another page hosted on “signupconfirmed.com” where the Company promised us “*access to members only offers*” – a blatantly false claim, as shown below.

Arcamax Home News Columns Comics

Entertainment News

SUBSCRIBE

Your email will be used in: [Estatez Policy](#)

Entertainment <ezines@arcamax.com> to me

Hi,
Thanks for requesting the Entertainment newsletter.

To activate your subscription, confirm now.

Confirm here: <https://www.arcamax.com/subconf/2738155801/400880451>

Thank you for choosing us as your trusted source of information and entertainment.

Best regards,

Arcamax Publishing
1706 Todds Lane, Box 311
Hampton, VA 23666

<https://05.signupconfirmed.com/continue?z=YnA9eiZjaWQ9MTgzOCZja2Z...>

Arcamax

Congratulations...
continue the subscription process
and unlock access to members only offers

First Name

Last Name

By clicking continue I agree to the [Privacy Policies](#), [Terms & Conditions](#) and data collection practices of Arcamax & their marketing partners and agree to receive email at samgstarks@gmail.com. [Skip Here](#)

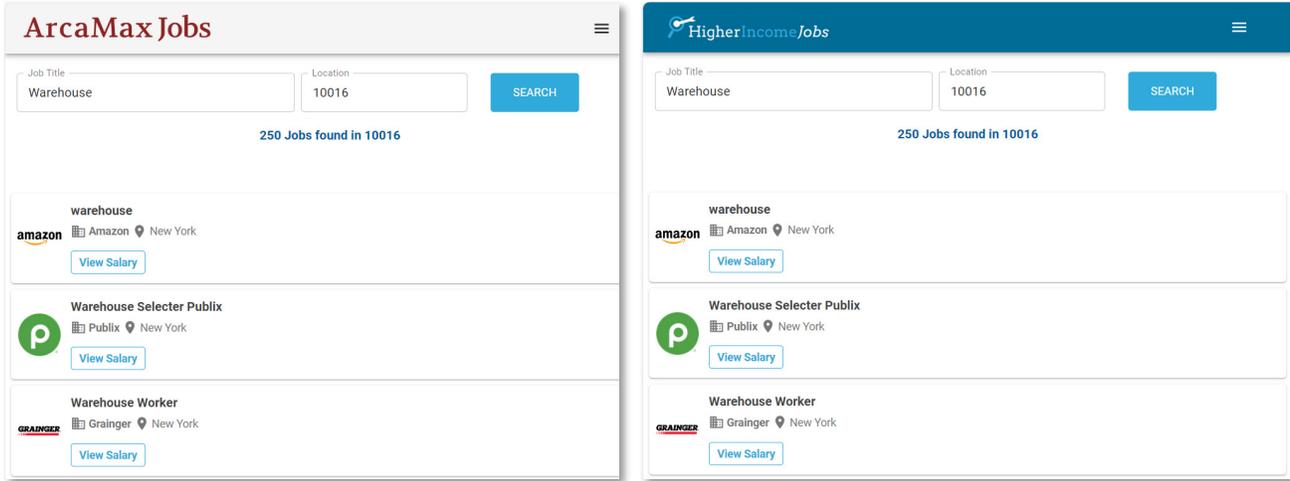
When we entered our information, we were bombarded with numerous additional prompts, each of which, when clicked, would result in new pop-ups designed to capture our personal data. See that even after we denied 9 prompts in a row, Arcamax nevertheless redirected us to a website called “Prize Stash” in which, even after clicking “no thanks” we were forced into yet another form that prompted us to enter personal information.



SimilarWeb data reveals that in Q3 2024 (July 2024 through September 2024), Arcamax.com received 10.3 million visits from 2.6 million unique visitors, while a remarkable 74.2% of the website’s outbound traffic was directed to two affiliated websites, namely the aforementioned signupconfirmed.com, and arcamaxjobs.com:

	Domain (22)	Industry	Global Rank	Traffic Share ↓
> 1	signupconfirmed.com (31)	Business and Consumer Services > M...	#391,276	52.76%
> 2	arcamaxjobs.com (103)	Jobs and Career > Jobs and Employm...	#414,960	21.46%
> 3	msn.com	News and Media	#55	12.23%
> 4	global.clicktrackurl.com	Jobs and Career > Jobs and Employm...	-	9.13%
> 5	trace.mediago.io	Gambling > Lottery	-	1.78%

As shown above, signupconfirmed.com appears to function as yet another front for data collection by Zeta and its partners. With respect to arcamaxjobs.com, again see that the website’s landing page is almost a mirror image of that of higherincomejobs.com, down to the very same fake job listings:



Web registrar data reveals that both arcamaxjobs.com and signupconfirmed.com were [created in April 2022](#) and [in June 2022](#), respectively – just weeks after Zeta acquired Arcamax – suggesting to us that Zeta purchased Arcamax with the express intention of funneling the website’s traffic back into the Company’s growing consent farm network, effectively pouring gasoline onto the fire of this scheme.

Domain Information		Registrant Contact	
Domain:	arcamaxjobs.com	Name:	Arcamax Publishing, Inc.
Registrar:	Wild West Domains, LLC	Organization:	Arcamax Publishing, Inc.
Registered On:	2022-04-04	Street:	11830 Canon Blvd Suite A Newport News
Expires On:	2025-04-04	City:	Newport News
Updated On:	2023-04-11	State:	Virginia

Domain Information		Registrant Contact	
Domain:	signupconfirmed.com	Name:	On behalf of signupconfirmed.com owner
Registrar:	Amazon Registrar, Inc.	Organization:	Identity Protection Service
Registered On:	2022-06-15	Street:	PO Box 786
Expires On:	2025-06-15	City:	Hayes
Updated On:	2024-05-11	State:	Middlesex
		Postal Code:	UB3 9TR

In 2023, the FTC Charged Fluent for Fraudulent Consent Farms. We Believe ZETA Now Faces the Same Risks

In July 2023, the FTC charged Fluent (FLNT) for what it called “*a massive consent farm enterprise, using deceptive ads and websites to induce nearly one million consumers a day to provide their personal information...*”

2. Defendants have operated a massive “consent farm” enterprise, using deceptive ads and websites to induce nearly one million consumers a day to provide their personal information and purported consent to receive telemarketing calls. In turn, Defendants have aggregated consumers’ personal information and sold it to numerous telemarketers, who have relied on consumers’ purported consent to justify robocalls and calls to numbers on the National Do-Not-Call Registry. All told, Defendants have sold the information of millions of consumers, generating tens of millions of dollars in revenue.

3. Defendants’ “consent farm” business is unlawful. To induce consumers to provide their personal information, Defendants and their affiliate marketers have misleadingly promised consumers job interviews and free rewards, when in fact the promised jobs typically did not exist, and the promised rewards were virtually impossible to obtain. Moreover, Defendants have failed to clearly disclose to consumers that the true purpose for collecting their personal information was for telemarketing, not job and reward offers. Finally, the purported consent that Defendants has obtained from consumers has been insufficient under the TSR. Thus, Plaintiff files this suit to recover civil penalties and halt Defendant’s unlawful conduct.

Note further that the FTC charged Fluent not only for its own conduct, but for failing to supervise, and even encouraging the problematic conduct of its marketing partners. As we show later in this report, we believe Zeta has exercised similar indiscretion by selling its data to a slew of other unsavory consent farms.

Is this starting to sound familiar...?

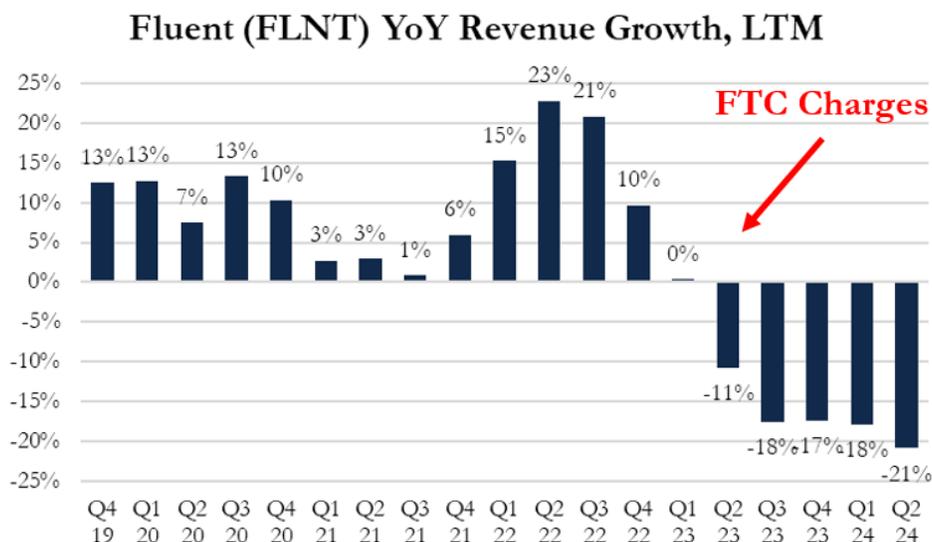
33. Defendants have funneled consumers to their websites by disseminating their own ads, and by paying affiliate marketers (or “publishers”) to disseminate ads containing hyperlinks to the Fluent lead generation sites. Defendants know or should know that their publishers often use

ads that are facially deceptive, and make use of other abusive tactics, such as text message spamming and browser hijacking. Nevertheless, Defendants have failed to prevent their publishers from engaging in this illicit conduct. In fact, Fluent sales executives have excused and even encouraged this conduct.

34. Moreover, many of Defendants' ads have made unauthorized use of the trademarks of well-known brands as a way of misleading consumers into believing that Defendants are affiliated with or endorsed by these brands. For example, Defendants' ads often feature the

Source: *FTC vs. Fluent* ([complaint](#) filed July 2023)

As part of the FTC settlement, the FTC's [proposed order](#) instructed Fluent and [its customers](#) to delete all illegally-obtained data and "limits lead generation on Fluent's job websites to email marketing and prohibits Fluent from misrepresenting any material facts about rewards, job opportunities, or the collection and sale of consumers' personal information." In other words, Fluent had to turn off the money spigot, and the impact was devastating: revenue growth and EBITDA have turned deeply negative, and Fluent is now valued at a mere \$50 million, or 0.2x LTM revenues.



We believe that Zeta is now exposed to the very same risks, as the Company's practices appear strikingly similar to those named in the agencies' complaints. This was even corroborated to us by one former Fluent executive:

"One of the things I see that Zeta is doing currently is running job sites, similar to Fluent, and it's one of the things that the FTC said: 'you need to shut down these job sites in order to settle the charges...' It was the only real thing that they [the FTC] had a problem with, and I can see that Zeta has a similar setup."

"You've got a principal from Fluent [Jonah Lovens] running their marketing strategy... Zeta seems to have used similar traffic strategies to lure their clients away."

As we detail below, we believe that Zeta’s consent farms have become integral to its business, which would render any regulatory action against the Company similarly devastating.

We Estimate Zeta’s Consent Farms Have Driven Almost the Entirety of Revenue Growth Since Being Acquired, Now Represent 56% of EBITDA.

We believe that Zeta’s consent farming network, spearheaded by Apptness and Arcamax and bolstered by share gains in the wake of the FTC’s charges against Fluent, have driven almost the entirety of Zeta’s revenue growth since being acquired, and now represent 56% of LTM Adjusted EBITDA. A summary of our estimates are shown in the table, with our full commentary below.

Culper Est. ZETA Consent Farm Business	\$ millions
Est. Revenues: Apptness	\$230
Est. Revenues: Arcamax	\$110
Est. Revenues: Fluent share gain	\$63
Est. Total: Consent Farm Revenues	\$403
Est. EBITDA Margin Contribution	23%
Est. Consent Farm EBITDA	\$94
Reported Revenues, LTM ended Q3 2024	\$901
Reported Revenues, LTM ended Q4 2021	\$458
Revenue Growth: Q4 2021 to Q3 2024	\$443
Reported Adj. EBITDA, LTM ended Q3 2024	\$167
Consent Farms as % of Revenue Growth	91%
Consent Farms as % of Adj. EBITDA	56%

Zeta Brags That Apptness & Arcamax Drive “New Organic Revenue” at “Higher Margins”

While Zeta has remained tight-lipped regarding the ways in which Apptness and Arcamax actually collect consumer data, management has promoted the growth that has come both as a direct and indirect result of the acquisitions. According to CEO Steinberg on the Company’s Q1 2022 conference call:

“What I would tell you is that we were able to pick up millions of double opted-in consumers in some very interesting verticals to our data cloud. And what we’re really trying to do is continue to build out that data cloud around new categories and additional customers, and both of these platforms do exactly that.

“You look at ArcaMax, by way of example. You look at Apptness. We’re driving millions of opted-in consumers through those platforms. And as we look at growing the data cloud, we’ll continue to look for additional sources of data.”

As later reiterated by Zeta’s General Counsel and head of M&A Steven Vine on the Company’s September 2023 conference call, the acquisitions not only added new data but supported new organic revenue at higher margins:

*“For example, ArcaMax was a significant vendor prior to the acquisition, and owning that platform has allowed us to realize **significant and incremental cost savings and do more with the data** that platform creates. And what counts delivered e-mail infrastructure and capacity that is **supporting new organic revenue at favorable margins.**”*

As confirmed by CFO Christopher Greiner on a November 2021 conference call, *“The gross margin profile of Apptness is accretive.”* Given these comments claiming “significant and incremental cost savings” on top of an accretive gross margin profile, we Company-favorably estimate that the acquisitions contributed EBITDA merely in line with the Company’s actual incremental Adj. EBITDA margins since the time of acquisition.

Former Zeta Executive Says the Acquisitions Were Expected to Contribute \$300M+ in Revenues

This concept was explained to us in more depth by multiple former Zeta employees. One stated that although both Apptness and Arcamax were small businesses at the time of acquisition, they were expected to contribute massively over time:

“The contribution has an amplified effect... Quite a chunk of revenue would be integrated into the other business units... The deals had profound value because of the data... In fact, none of their [Zeta’s] business units would be able to make it to the next stage without acquiring these companies.”

Another employee stated that, in keeping with the Company’s need to acquire “recent” data, the acquisitions not only added millions of new profiles, but enhanced Zeta’s existing data:

“Apptness had a lot of focus on data-driven marketing. They had a very huge set of data that could be added to the mix. I think they grew by like 20 to 30 million more profiles through that acquisition.”

“Arcamax had 5 to 8 million profiles, but it was basically done to enhance the data cloud.”

More tangibly, one former high-level Zeta employee corroborated that while at the time of acquisition, neither Apptness nor Arcamax were generating significant revenues, the businesses were expected to generate \$300 million in the 2 years after each was acquired:

*Former Zeta Employee: “Apptness was expected [internally] to do **\$200 million or more** two or two and a half years [after acquisition].”*

Culper Question: “You’d expect Apptness to be contributing over \$200 million [in revenues] now?”

*Former Zeta Employee: “Absolutely ... Arcamax was also supposed to contribute \$100 million or more after 2 years even though it was only a few million [when acquired]... over the first one or one and a half years it wasn’t supposed to generate a lot, but maybe **\$115 to \$120 million after 2 years.**”*

Former Fluent Executives Say Zeta Gained Share in the Wake of Fluent FTC Charges

Moreover, we believe Zeta saw a significant boost in revenues in the wake of Fluent’s FTC charges. Put plainly in the words of one former Fluent employee we spoke with:

“Zeta took a good deal of clients from their [Fluent’s] network. The 2023 [FTC] charges precipitated a dramatic movement of clients from Fluent over to Zeta... The clients have to go elsewhere, and that elsewhere right now is Zeta.”

In Fluent’s Q3 2023 earnings call, CEO Donald Patrick stated that, *“our core performance marketplace took the brunt of the impact of the FTC settlement and over the last 2.5 years, **a reduction in over \$80 million in annual revenue.** We expect it will take a couple of quarters to return to growth...”*

However, after continuing to report disappointing results, in Fluent's Q2 2024 earnings call, CEO Patrick stated that, "*the results generated from our owned and operated marketplace reflect **the lingering impact of our post-FTC settlement transition**, including our existing businesses we felt were no longer strategically relevant."*

From Q3 2023 to Q2 2024, Fluent's LTM revenues declined another \$47 million. Thus, when combined with the earlier \$80 million, amounts to \$126.6 million. Given our conversations with former employees, we believe that Zeta has taken a significant share, over 50% of this business, thus benefitting Zeta by \$63 million.

Zeta's "Two-Way" Relationships with Third Party Consent Farms Raise Revenue Round-Tripping Concerns, In Our View

We are not only concerned by the problematic ways in which Zeta appears to collect customer data and its significant impact on the business, but by the Company's "two-way" relationships with third-party consent farms, which we believe raises revenue round-tripping concerns.

Kubient: Sources Suggest Zeta is Customer-1 in DOJ Round-Tripping Fraud Complaint

In September 2024, former Kubient (OTC:KBNT) CEO Paul Roberts [pled guilty](#) to accounting fraud charges in connection with Kubient's scheme to "*improperly recognize more than \$1.3 million in fraudulent revenue*" representing "*over 94% of Kubient's reported revenue*" ahead of its 2020 IPO. According to the [complaint](#), in October 2019, Kubient formed an agreement with an unnamed "Company-1" to round-trip revenues between the two companies, without either company ever actually providing services to the other.

2. From at least in or about October 2019 through at least in or about March 2021, PAUL ROBERTS, the defendant, executed an accounting fraud scheme at Kubient. During that time, ROBERTS caused Kubient to improperly recognize more than \$1.3 million in fraudulent revenue in Kubient's financial statements (the "Fraudulent Revenue"). The Fraudulent Revenue was over 94% of Kubient's reported revenue for 2020 at the time of its initial public offering ("IPO") in or about August 2020, over 74% of its reported revenue for 2020 at the time of its secondary public offering in or about December 2020, and approximately 45% of Kubient's reported revenue for all of 2020, as reported in Kubient's 2020 annual financial statement filed

3. At the core of the accounting fraud scheme by PAUL ROBERTS, the defendant, was a fraudulent \$1.3 million transaction that ROBERTS arranged between Kubient and another digital advertising technology company (“Company-1”) and one of Company-1’s affiliates (the “Company-1 Affiliate”). In a set of three contracts negotiated and executed together in or about October 2019, Kubient and Company-1 agreed to provide certain services to the other for nearly identical fees. Under the terms of two contracts, Kubient agreed to use its proprietary fraud detection tool Kubient Artificial Intelligence (“KAI”) to scan data provided by Company-1 and the Company-1 Affiliate for instances of digital ad fraud and then deliver the results of KAI’s findings to Company-1 and the Company-1 Affiliate (the “KAI Agreements” of the “KAI Transactions”). At the same time, pursuant to a Data Services Agreement, Company-1 agreed to sell Kubient other data and provide certain data-related services.

4. From in or about January 2020 through in or about November 2020, Kubient paid Company-1 \$1,300,336 and Company-1 paid Kubient \$1,300,338.03 (which Kubient fraudulently recognized as revenue), but neither company ever provided any of the services they agreed to provide to the other company under the contracts. For example, with respect to the KAI

Zeta disclosed in its Q2 2023 Form 10-Q that:

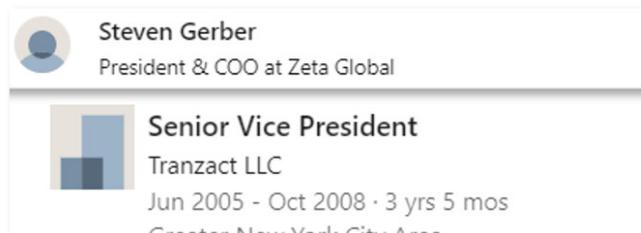
“We and members of our senior executive team have received subpoenas from the Securities and Exchange Commission in connection with an investigation into Kubient, Inc., a company we worked with prior to our initial public offering, and from the United States Attorney’s Office for the Southern District of New York, which is conducting a parallel investigation. The amount of business that we conducted with Kubient was quantitatively insignificant to Zeta and we have not worked with Kubient since 2020. We are cooperating with the investigation.”

Based on this disclosure as well as conversations with those familiar, we find it highly probable that Zeta is the unnamed “Company-1” mutual beneficiary referenced in the DOJ complaint. We also note that the now-charged Roberts and [Steven Gerber](#), Current President and COO at Zeta, previously worked together at Tranzact Media, which was also [co-founded by Zeta’s former President Michael Dimaio](#).



Paul Roberts
Ad Tech and AI Pioneer | Visionary CEO & Co-Founder | Vet

Director of Sales
TranzAct Media Inc.
Nov 2006 - Nov 2008 · 2 yrs 1 mo



Steven Gerber
President & COO at Zeta Global

Senior Vice President
Tranzact LLC
Jun 2005 - Oct 2008 · 3 yrs 5 mos
Greater New York City Area

Tellingly, we think in Zeta’s attempt to distance itself from the fraud by claiming that it has not worked with Kubient since 2020, the Company tells on itself – the DOJ alleged the fraudulent agreement was formed in October 2019 (i.e., prior to 2020), while the entire premise of the fraud is regarding business that did not actually occur. We note further that while Kubient disclosed that it first received SEC subpoenas in August 2022, Zeta did not disclose that it had received any subpoenas until a year later in its Q2 2023 Form 10-Q.

Zeta’s Own Disclosures Confirm: The Company Has Two-Way Deals With Many Other Consent Farms, Many of Which Have Incestuous Relationships with Zeta

Zeta holds itself out to investors as servicing large enterprises, yet our review of the Company’s customers – as disclosed by the Company itself – reveals that Zeta also sells leads to third party consent farms, many of whom also appear to serve as suppliers to Zeta. See for example that Higher Income Jobs discloses its list of third party advertising partners, while this same list can be found on other Apptness-run websites. As shown, many of Zeta’s “third party advertising partners” are themselves consent farms, as we highlight below in the examples of “Everyday Winner” and “Career Boutique” below:

You can view the list of our third party advertising partners and their respective Privacy Policies here:

[The Skimm](#), [AARP](#), [Bathea Astrology](#), [Celebrity Cruise](#), [Heb](#), [Join piggy](#), [Norwegian Cruiseline](#), [Sam’s Club](#), [Unilever](#), [US Navy](#), [Puzz](#), [Netspend](#), [Paypal](#), [Brinks](#), [Yougov](#), [Enotem](#), [Nexxt](#), [Stash Invest](#), [American Heart Association](#), [American Diabetes Association](#), [Kellogg’s](#), [GuideToInsure](#), [Join Piggy](#), [Verde Energy](#), [St. Augustine Pointe Vedra](#), [Be The Match](#), [Dove](#), [The Teaching Company](#), [Visit Orlando](#), [Oregon League of Conservation](#), [WayUp](#), [Wounded Warrior Project](#), [My Daily Moment](#), [Wunderlist](#), [The Click](#), [Absolut](#), [Retail Me Not](#), [Royal Caribbean](#), [Prepaid Mastercard®](#), [Ashley Furniture](#), [Angel Soft](#), [Forex](#), [Mr. Handyman](#), [A&E Real Crime](#), [Jameson](#), [Easy Spirit](#), [3M](#), [Norwegian Cruise](#), [Everyday Winner](#), [Oval stock](#), [Rosetta Stone](#), [Wyoming Tourism](#), [AT&T](#), [Sleep Number](#), [Staples](#), [Nascar](#), [Glenlivet](#), [Pontant Cruise](#), [Sally Beauty Supply](#), [Washington Conservation](#), [Washington Environmental Council](#), [Sysnascap](#), [Neuwoo](#), [Kahlua](#), [Martell](#), [Nexcare](#), [Factory Furniture Outlet](#), [Crain’s National](#), [Malibu Rum](#), [Unilever](#), [Georgia-Pacific](#), [Readers Digest](#), [Partnership for America’s Health Care Future](#), [Seniors Speak Out](#), [Career Coach](#), [Degree Source](#), [Degree Search](#), [E College Degree](#), [EDU First](#), [Education Select](#), [Education Choice](#), [Liveramp](#), [Trending Jobs](#), [FreshCareerFinder](#), [Scary Money](#), [Cranberry Foundation](#), [Peakford Exchange](#), [Lensa](#), [The Hustle](#), [Sonic](#), [Honor Society](#), [Vendale Research](#), [Jomaya](#), [Retirement Income](#), [Sam’s Club](#), [National Disability](#), [ZipRecruiter](#), [Vindale Research](#), [Cocoon, Inc.](#), [CareerBoutique](#), [Perry Boarder](#), [Front Office Sports](#), [The Clorox Company](#), [Planned Parenthood](#), [Dunham’s](#), [Degree Transfer](#), [Platinum Education](#), [Territory Foods](#), [jobDelta](#), [Uniqlo](#), [American Baby](#), [USA Today](#), [Julius Erwan](#), [Trusted Media Brands](#), [Family Handyman](#), [Our Health California](#), [Trials.World](#), [SubjectWell](#), [Northwest Medical](#), [Maria Medium](#), [Consumer Concierge](#), [J.M. Smucker Co.](#), [Carnival Cruise](#), [HelloFresh](#), [Travel Texas](#), [Sports Fanatics](#), [Betches](#), [America’s Test Kitchen](#), [Ziff Davis](#), [Guaranteed rate](#), [The Gist](#), [Airtwick](#), [Arlington CVB](#), [Arcamax](#), [Hometalk](#), [GoodRX](#), [Acquire](#), [Chamber of Progress](#), [Missouri Division of Tourism \(MDT\)](#), [Prime Publishing](#), [Favecraft](#), [Recipe Lion](#), [Grand Ole Opry](#), [Cetaphil](#), [Henkel](#), [Panda Express](#), [Buena Vista Chamber of Commerce](#), [Fortifynance](#), [YourEligibilityGuide](#), [UnclaimedBenefitsBulletin](#), [BestBenefitsConnection](#), [Fantasy Life](#), [Daily Upside LLC](#), [Dollar Flight Club](#), [Likewise](#), [Daily Mogul](#), [Survey Junkie](#), [Green Chef](#), [Factor](#), [Dotdash Meredith](#), [Clif Bar](#), [Applegate](#), [Michael J. Fox Foundation](#), [for Parkinson’s Research](#), [Sports](#), [Saints Reunion LLC](#), [Christin Medium](#), [Indra Energy](#), [Rouqs Company](#), [Acuvue](#), [Bridge Corp.](#)

Who We Are

Higher Income Jobs (DBA Registration Number G1600103992) is a technology service provider that connects consumers to employment opportunities in your area. We help you find local jobs; browse for new openings right in your city, town or neighborhood. For more information please visit our Terms & Conditions at <https://www.higherincomejobs.com/terms-conditions>. You can contact our team at:

HigherIncomeJobs.com
160 W. Camino Real Unit #682
Boca Raton, FL 33432
support@higherincomejobs.com

CareerBoutique

Job openings and career information tailored just for you

Job:

Location:

job title, keywords or company city, state or zip

START

YOU'RE A FINALIST FOR **TWO CHANCES TO WIN \$5000 TONIGHT**

Answer question 1 of 3:
Coffee or Tea?

Coffee **Tea**

Welcome to one of Flatiron Media's suites of content and promotions websites. Our portfolio of lifestyle sites is an indispensable tool that informs, inspires and entertains millions of consumers. On Everydaywinner.com, you have the chance to win \$500 without spending a penny! We hope you'll be the winner!

EverydayWinner.com Sweepstakes: NO PURCHASE OR PAYMENT NECESSARY. Open to legal residents age 18+ at entry. Void where prohibited. Sweepstakes entry period starts at 12:00 01AM EST on 1/1/24 and ends at 11:59 59PM EST on 12/31/24. To enter, (1) provide the information requested (e.g., name and email) in the entry form, and (2) follow the instructions to view sales offers until you reach final confirmation page. Limit 5 entries per day regardless of entry method. One \$500 prepaid rewards card will be awarded via random drawing each day during promotion period. Sweepstakes subject to Official Rules, so see rules for restrictions and entry methods (entry may be available via multiple websites). Odds of winning depend on no. of eligible entries. Sponsor: Flatiron Media, L.L.C. 20 Jay St, Ste #1018, Brooklyn, NY 11201 EverydayWinner.com & EverydayWinner.net uses your information to personalize your web experience or to provide you with the requested services. We will take precautions to protect your information as best as we can. If you have more questions about your information, please refer to our Privacy Policy.

In 2023, Zeta’s Auditor Identified a Critical Audit Matter Related to Revenue Recognition on these Two-Way Contracts. Further Language Suggests They are Numerous

In Zeta’s 2023 Form 10-K, the Company disclosed for the first time a critical audit matter related to revenue recognition “on contracts with third parties in which the Company is acting as both a vendor and a customer.

Revenue Recognition- Refer to Note 2 to the financial statements

Critical Audit Matter Description

When the Company enters into contracts with third parties in which the Company is acting as both a vendor and a customer, the Company performs an assessment of the services transferred to determine the independent nature of both the transactions. The Company presents the revenue and expense based on the fair value of the services provided or received.

We identified revenue recognition on **contracts with third parties in which the Company is acting as both a vendor and customer** as a critical audit matter because of the judgments necessary for management to evaluate whether goods or services are distinct and to estimate the fair value of the goods or services provided or received. Performing audit procedures related to revenue recognition for these contracts required more extensive audit effort and a higher degree of auditor judgment.

Moreover, Zeta’s auditor E&Y then states that the group addressed the critical audit matter by “selecting a sample of contracts for detailed testing wherein the Company is acting as both a vendor and customer...” and “making inquiries of management regarding the nature of the arrangement” among other checks. Setting this aside, the very fact that Zeta has enough contracts of this nature such that auditors can only evaluate a sample of these contracts corroborates our view that contracts of this nature are widespread.

In total, we found at least 20 other consent farming websites that Zeta lists as among its “third party advertising partners.”⁵ Below, we present case studies on three of these partners, each of which exemplify our concerns regarding data collection methods, potential round-tripping via two-way contracts, and incestuous ties to Zeta.

Digital Media Solutions (“DMS”): Bankruptcy Documents Names Zeta as a “Major Customer”, Confirming Two-Way Relationship Between the Companies

Digital Media Solutions (“DMS”) is the owner of degreesearch.org, listed as an Apptness partner above. According to our [reverse whois search](#), DMS appears to own not only this domain, but an astounding 3,556 domains, many of which appear to be cheap knockoffs of their real-life counterparts, such as “yellowpages411.ca” or “floridaculinaryinstitute.net” – neither of which have any affiliation with Yellow Pages or the Florida Culinary Institute. Numerous [BBB complaints](#) make clear that DMS is engaged in the consent farming business. See the example of one consumer below:

	Initial Complaint 10/21/2024	Complaint Type: Sales and Advertising Issues Status: Resolved 
<p>I typed, "***** Medical Plans" into *****. The first response was a link with "*****" in the name. I clicked on the site and the home page showed an advertisement for *****. I initially believed I was on a ***** Permanente website (Misleading business practices). I entered my telephone number and other information before realizing I was not on a ***** website. I then began receiving phone calls - up to 30 in the last four hours. The numbers are from all over the **. I asked one caller to remove me from the call list, and she said she was a broker and could remove me from her call list, but my information had likely been shared across the nation. The actual website contains small print - "Health Market Advisor" and is provided by "Digital Media Solutions, LLC". The business practices are predatory and misleading. The result is a massive number of phone calls from medical insurance brokers. I am on the *** "Do Not Call List", but that doesn't seem to matter.</p>		

⁵ See full list and our source documentation in Appendix.

In September 2024, DMS [filed for Chapter 11 bankruptcy protection](#) in the state of Texas. In an associated bankruptcy [filing](#) dated October 30, 2024, **DMS names “Zeta: Apptness” among a list of “major customers”, suggesting to us that Zeta not only sells to DMS, but buys from DMS:**

Apptness Websites Name Degree Search as a Third Party Advertising Partner

zeta Stone, Wyoming Tourism, AT&T, Sleep Number, Ahlue, Martell, Nexcare, Factory Furniture Outlet, Degree Source, Degree Search, E College Degree, The Hustle, Sonic, Honor Society, Vendale Res, Sports, The Clorox Company, Planned Parent

Degree Search is Owned and Operated by Digital Media Solutions (“DMS”)

DMS Bankruptcy Filings Also Name Zeta as a “Major Customer”, Confirming Two-Way Relationship

Case 24-90468 Document 336-3 Filed in TXSB on 10/30/24

- SelectQuote Senior
- Southern New Hampshire University
- Spring Venture Group
- State Farm
- Studio Enterprise
- Studio Enterprise/ South University Online
- Sullivan University
- Synergy Insurance
- TCS Education System
- Transport Marketing LLC dba Transport Digital Media
- TrueCoverage
- United Debt Settlement LLC
- US Health Advisors
- USHA
- Walmart CD
- **Zeta: Apptness**

Zeta CEO Previously Ran InPhonic, Which Was Charged by the FTC for Misleading Customers, and Formers Were Later Charged with “Round-Tripping” Transactions to Inflate Financials

We find Zeta’s predatory consent farms and two-way contracts particularly interesting in light of two sets of fraud charges levied against Zeta CEO David Steinberg’s prior company, InPhonic Inc.

Zeta’s long-time CEO and, per his Instagram, full-time [socialite](#) David Steinberg co-founded InPhonic Inc alongside Zeta Chairman John Sculley in the dot-com era. InPhonic sold wireless devices and services online until it went bankrupt in 2007. In April 2007, the FTC [charged](#) InPhonic, alleging that the company used rebates to bait its consumers into making purchases, then *“among other things, failed to provide promised documents needed to obtain rebates, to send out rebate checks in the time promised, and to disclose adequately certain material terms and conditions prior to purchase.”*

6. Respondent typically advertises available rebates on its Web sites. (See, e.g., Exhibit A). Each listed rebate has a hyperlink. A consumer who clicks the hyperlink is taken to a page which describes some of the extensive terms and conditions of the advertised rebate. Consumers can purchase the package without viewing these terms and conditions. In addition, there is nothing on the link itself to indicate the nature or significance of the terms and conditions. As a result, numerous consumers were not aware of several unusual and restrictive terms and conditions making the rebate offer less attractive. For example, at the time of purchase, numerous consumers were not aware that: (a) they would not be able to submit a request for the rebate until as much as six months after purchase; (b) they would not receive the rebate until as much as nine or ten months after purchase; and (c) even if they continuously maintained their wireless service for the required period of time, they would be disqualified from receiving a rebate if they changed their wireless phone numbers after purchase.

7. Respondent has disseminated or has caused to be disseminated rebate forms for its "customer appreciation rebate," including but not necessarily limited to the attached Exhibit C. These rebate forms have contained the following statements:

"\$150 Mail-In Rebate

In 2012, the SEC followed on with its own [set of charges](#), alleging that from late 2005 through early 2007 (i.e., while Steinberg was still CEO) a former SVP and vendor of InPhonic, "engaged in a fraudulent scheme involving a series of 'round-trip transactions' to artificially inflate InPhonic's financial results" that resulted in "material overstatements of InPhonic's adjusted EBITDA in earnings releases from 2005-2007."⁶

SEC Brings Fraud Charges Against Former InPhonic Senior Vice President and President of Americas Premiere Corporation

On January 25, 2012, the Securities and Exchange Commission ("Commission") filed a civil injunctive action against a former senior vice president and a vendor of InPhonic, Inc., a now-bankrupt online retailer of cellular phones that was headquartered in Washington, D.C. According to the Commission's complaint, from late 2005 through early 2007, Len A. Familant, then an InPhonic senior vice president, and Paul V. Greene, president of telephone supplier Americas Premiere Corporation ("APC"), engaged in a fraudulent scheme involving a series of "round-trip transactions" to artificially inflate InPhonic's financial results.

Flatiron Media: Former CEO of Arcamax is Now a Managing Director of a Fake Sweepstakes Group Doing Business with Zeta

[Everyday Winner](#) is another website purportedly offering its visitors a chance to win money by entering sweepstakes. According to its privacy policy, the site is operated by Flatiron Media, which again lists numerous other websites among its own network of consent farms. Flatiron is currently staring down a class action lawsuit that has been ongoing for 2 years, in which a consumer alleges that Flatiron is responsible for bombarding the plaintiff text messages containing survey links which eventually directed to Everyday Winner.⁷ See from the most recent complaint, filed November 4, 2024:

⁶ Neither Steinberg nor Sculley were charged by the FTC or SEC.

⁷ Carrodine v. Flatiron Media LLC (case 1:22-cv-09660-JMF)

92. The bottom of the website finally identified Flatiron as the source of the text message. The website states, in part, "Welcome to Flatiron Media's suites of content and promotions websites." A true and correct copy of the Flatiron webpage arising from the text message sent to Carrodine by HasTraffic is copied below:

Case 1:22-cv-09660-JMF Document 131 Filed 11/04/24 Page 18 of 37



93. The website further states that "Everyday Winner is a trademark of Flatiron Media, LLC."

Case 1:22-cv-09660-JMF Document 131 Filed 11/04/24 Page 22 of 37

Date	Number of texting party	Message	Landing page after questionnaire
11-17-2022	(845) 784-9847	ACTION REQUIRED: You might have won a \$500 giftcard! Do you want an online voucher or Debt Card shipped? Ovalypatient.com/ORGJdpEys6AbqpA	Everydaywinner.com
11-20-2022	(437) 217-5156	I am ready to mail the \$499 Gas card that you might have won, set delivery info here klwyc.com/s6AByTkHb	Everydaywinner.com
11-24-2022	(949) 418-3382	Let Me Know Where To Ship The \$500 Giftcard YOU might have Won! Urbanyud.com/d084EWMAcxlyWQL	Everydaywinner.com
12-29-2022	(516) 423-6784	FOOD STAMPS: You are qualified to get \$300 SNAP in Jan: ohazodu.mc/TgdVcsoZoE	Everydaywinner.com

We find it curious that Arcamax’s long-time President and CEO Scott Wolf recently left Zeta Global and joined Flatiron Media. Wolf’s LinkedIn even confirms that the two companies have worked together for years, stating, “Effective October 2023, I joined Flatiron Media, a company I’d worked with since 2009 in my role at ArcaMax.”

 **Scott Wolf**
Managing Director, Publishing

 **Managing Director, Publishing**
Flatiron Media, LLC · Full-time
Oct 2023 - Present · 1 yr 2 mos

 **GVP - Content Development**
Zeta Global · Full-time
Mar 2022 - Apr 2023 · 1 yr 2 mos

ArcaMax was acquired by Zeta Global in March 2022. My primary responsibility was to manage the transition and I successfully integrated the the legacy business to help Zeta optimize the value of the acquisition.

 **President / CEO**
ArcaMax Publishing, Inc.
Jul 2004 - Mar 2022 · 17 yrs 9 mos

As the founding President and CEO, I ran the company until its successful acquisition by Zeta Global (NYSE). The company was recognized six times in Inc 5000 listing of fastest growing private companies and was th ...see more

 **Managing Director, Publishing**
ArcaMax, Inc. · Full-time
Aug 2001 - Jul 2004 · 3 yrs

I ran the publishing division for the original ArcaMax, an ecommerce company. In 2004, we spun off that division to launch ArcaMax Publishing as a standalone entity due to the success of the division.

C4R Media Corp: Alleged TCPA Violations, Generating Traffic via Fake News Stories

C4R Media Corp operates dozens of websites, at least 4 of which are listed as partners of Apptness: [Bethea Astrology](#), [Your Eligibility Guide](#), [Unclaimed Benefits Bulletin](#), and [Best Benefits Connection](#). See again below that Bethea, for example, prompts its visitors to submit their personal information in order “to play or win.”

Bethea was spellbound when she first experienced the wonders and practicalities of astrology. Little did she know that it would take her on a life-changing journey and, in the process, offer her a captivating profession that continues to marvel and engage her heart and mind.

“Once I understood the power of *astrology* to *help* and *heal* myself, I knew it was my duty to use it for the *benefit of others*.”

-Bethea

She threw herself head on into learning about the field and was accepted into the prestigious Faculty of Astrological Studies in London. Early on as a student, she came to understand the value of creating and studying birth charts and horoscopes, which she considered virtual life maps for the chart holders.

Bethea has spent the past 30 years working as a professional astrologer, preparing personal readings for her clientele and researching, writing and lecturing on her studies and analyses of the movement of planets.

JOIN US

Name

Birthday

Email

No purchase necessary to play or win. By clicking the button below, I agree to the Terms and Conditions and Privacy Policy; I confirm I agree to receive daily email from Bethea Astrology and/or our partners, which I can unsubscribe from at any time; I am over 18.

GET STARTED

In January 2024, C4R was sued for alleged TCPA violations after the plaintiff visited another C4R website, [The American Career Guide](#), and was soon bombarded with phone calls offering health insurance plans. In September 2024, the court ruled to block arbitration, suggesting to us that the case could go to trial.⁸ A July 2024 [investigation](#) by a Pennsylvania journalist similarly found that groups including C4R Media flood Facebook groups with phony news stories and promises of free offers in order to generate inbound traffic to their websites.

Conclusion

We think Fluent’s history provides a helpful guide to Zeta’s future. Shares have unraveled 65% since the FTC first announced an inquiry in March 2023, while the company now sports a mere \$50 million market cap, or 0.2x revenues. Zeta trades at an eye-watering 7.2x revenues or 51x its \$167 million in LTM Adj. EBITDA, while the entirety of Zeta’s “earnings” are soaked up after accounting for the Company’s egregious \$215 million in LTM stock based compensation. We are short Zeta and believe the stock unravels in short order.

⁸ Davis v. Clear Health, LLC 2024 WL 4041421 (N.D. Oh. Sept. 4, 2024)

Appendix: Documentation, Zeta Owned or Affiliated Websites, Consent Farms

Number	Domain	Email Address	Registrant name	Organization	Phone	Address	Privacy policy or other listed address
1	higherincomejobs.com		Registration Private	Domains by Proxy LLC	1.4806242599	100 S. Mill Ave, Suite 1600, Tempe, Arizona, 85281	399 NW 2nd Ave Ste 216 Boca Raton, FL 33432
2	onlygreatjobs.com	reply@onlygreatjobs.com	admin admin	OGJ	1.5612991053	900 N Federal Hwy Boca Raton FL 33432	160 W. Camino Real Unit #682 Boca Raton, FL 33432
3	stimmoney.com	contact@stimmoney.com	STIM Money	STIM Money Marketing Serv	1.8445101045	250 Commons Dr. #243, DuBois, PA, 15801, US	160 W. Camino Real Unit #682 Boca Raton, FL 33432
4	freshcareerfinder.com		Identity Protection Service	Identity Protection Service	44.1483307527	PO Box 786, Hayes, Middlesex, UB3 9TR	
5	unclaimedmoneyinfo.com		Unclaimed Money Info	Unclaimed Money Info	1.8445760191	4348 Waiilat Ave (Box #434), Honolulu, HI, 96816, US	160 W. Camino Real Unit #682 Boca Raton, FL 33432
6	apttck.com		Identity Protection Service	Identity Protection Service	44.1483307527	PO Box 786, Hayes, Middlesex, UB3 9TR	160 W. Camino Real Unit #682 Boca Raton, FL 33432
7	eligibilitylookup.com		Identity Protection Service	Identity Protection Service	44.1483307527	PO Box 786, Hayes, Middlesex, UB3 9TR	1706 TODD LN # 311, HAMPTON, VA, 23666-3123
8	arcamaxjobs.com	hostmaster@arcamax.com	Arcamax Publishing Inc	Arcamax Publishing Inc	1.7575969730	11830 Canon Blvd Suite A Newport News, Newport News, Virg	160 W. Camino Real Unit #682 Boca Raton, FL 33432
11	jobzoodle.com		Identity Protection Service	Identity Protection Service	44.1483307527	PO Box 786, Hayes, Middlesex, UB3 9TR	160 W. Camino Real Unit #682 Boca Raton, FL 33432
9	topjobofferstoday.com		Identity Protection Service	Identity Protection Service	44.1483307527	PO Box 786, Hayes, Middlesex, UB3 9TR	116-2723 FAITHFULL AVE SASKATOON SK S7K 7C3 Mailbox
10	signupconfirmed.com		Identity Protection Service	Identity Protection Service	44.1483307527	PO Box 786, Hayes, Middlesex, UB3 9TR	160 W. Camino Real Unit #682 Boca Raton, FL 33432
14	bingearcamax.com	scotwolf@arcamax.net	Arcamax Publishing LLC	Arcamax Publishing LLC	3022311710	1706 TODD LN # 311, HAMPTON, VA, 23666-3123	
13	localcareerz.com		Identity Protection Service	Identity Protection Service	44.1483307527	PO Box 786, Hayes, Middlesex, UB3 9TR	
12	mybestjobmatch.com		Identity Protection Service	Identity Protection Service	44.1483307527	PO Box 786, Hayes, Middlesex, UB3 9TR	
15	americanjobfinder.com		Identity Protection Service	Identity Protection Service	44.1483307527	PO Box 786, Hayes, Middlesex, UB3 9TR	471 Central St, Box 570 Kansas City, MO 64112
16	yourmorningtea.com		Rejected		1.8559683795	471 Central St, (Box 570), Kansas City, MO, 64112	
17	americanresourcehub.com		Identity Protection Service	Identity Protection Service	44.1483307527	PO Box 786, Hayes, Middlesex, UB3 9TR	304 S JONES BLVD, STE 1037 LAS VEGAS, NV 89107
18	welcomconfirmation.com		Identity Protection Service	Identity Protection Service	44.1483307527	PO Box 786, Hayes, Middlesex, UB3 9TR	304 S JONES BLVD, STE 1037 LAS VEGAS, NV 89107
19	betterincomeresearch.com	admin@higherincome-jobs.com	Higher Income Jobs	Higher Income Jobs	1.3142961708	1317 Edgewater Dr #3067, Orlando, Florida, 32804	1706 TODD LN # 311, HAMPTON, VA, 23666-3123
20	njnow.com	admin@higherincome-jobs.com	Higher Income Jobs	Higher Income Jobs	1.3142961708	1317 Edgewater Dr #3067, Orlando, Florida, 32804	
21	getmorehigherincomejobs.com	ryanevander@countrysideitsolutions.com	Ryan Evander	CountrySide IT Solutions	1.3132634105	3013 NJ-27 Unit 6 #287, Kendall Park, New Jersey, 08824	
22	higherincomeplans.com	admin@higherincome-jobs.com	Higher Income Jobs	Higher Income Jobs	1.3142961708	1317 Edgewater Dr #3067, Orlando, Florida, 32804	
23	higherincomejobsworld.com	ryanevander@countrysideitsolutions.com	Ryan Evander	CountrySide IT Solutions	1.3132634105	3013 NJ-27 Unit 6 #287, Kendall Park, New Jersey, 08824	
24	finesthigherincomejobs.com	ryanevander@countrysideitsolutions.com	Ryan Evander	CountrySide IT Solutions	1.3132634105	3013 NJ-27 Unit 6 #287, Kendall Park, New Jersey, 08824	
25	preferablehigherincomejobs.com	ryanevander@countrysideitsolutions.com	Ryan Evander	CountrySide IT Solutions	1.3132634105	3013 NJ-27 Unit 6 #287, Kendall Park, New Jersey, 08824	
26	getworkfromhomejobs.com		admin admin	OGJ	1.5612991053	900 N Federal Hwy Boca Raton FL 33432	160 W. Camino Real Unit #682 Boca Raton, FL 33432
27	searchjobsdirect.com						160 W. Camino Real Unit #682 Boca Raton, FL 33432
27	topdollarcareers.com						160 W. Camino Real Unit #682 Boca Raton, FL 33432
29	higherjobupdates.com	admin@higherincome-jobs.com	Higher Income Jobs	Higher Income Jobs	1.3142961708	1317 Edgewater Dr #3067, Orlando, Florida, 32804	
30	moreincomejobs.com	admin@higherincome-jobs.com	Higher Income Jobs	Higher Income Jobs	1.3142961708	1317 Edgewater Dr #3067, Orlando, Florida, 32804	
31	earnhigherincomes.com	admin@higherincome-jobs.com	Higher Income Jobs	Higher Income Jobs	1.3142961708	1317 Edgewater Dr #3067, Orlando, Florida, 32804	
32	gohigherincomejobsprime.com	chrisidris@hyperstreamlogistics.com	Chris Idris	Hyperstream Logistics	1.2182604378	1223 N. Lee Hwy PMB 232, Lexington, Virginia, 24450	
33	higherincomejobscareers.com	chrisidris@hyperstreamlogistics.com	Chris Idris	Hyperstream Logistics	1.2182604378	1223 N. Lee Hwy PMB 232, Lexington, Virginia, 24450	
34	gethigherincomejobsonline.com	warrenjosiah@digitaldreamswebsolutions.com	Warren Josiah	DigitalDreams Web Solution	1.2107644576	996 Maine Ave SW, # 333, Washington, District of Columbia, 20024	
35	higherincomecareeroptions.com	warrenjosiah@digitaldreamswebsolutions.com	Warren Josiah	DigitalDreams Web Solution	1.2107644576	996 Maine Ave SW, # 333, Washington, District of Columbia, 20024	
36	eliteearningopportunities.com	warrenjosiah@digitaldreamswebsolutions.com	Warren Josiah	DigitalDreams Web Solution	1.2107644576	996 Maine Ave SW, # 333, Washington, District of Columbia, 20024	
37	tophigherincomejobstoday.com	warrenjosiah@digitaldreamswebsolutions.com	Warren Josiah	DigitalDreams Web Solution	1.2107644576	996 Maine Ave SW, # 333, Washington, District of Columbia, 20024	
38	higherincomejobupdate.com	warrenjosiah@digitaldreamswebsolutions.com	Warren Josiah	DigitalDreams Web Solution	1.2107644576	996 Maine Ave SW, # 333, Washington, District of Columbia, 20024	
39	higherincomejobssuccess.com	warrenjosiah@digitaldreamswebsolutions.com	Warren Josiah	DigitalDreams Web Solution	1.2107644576	996 Maine Ave SW, # 333, Washington, District of Columbia, 20024	
40	registerednursingcareers.com						15 Ingestre Place, London, England, W1F 0DU

#	Third party advertising partner	Consent Farm?
1	Arcamax	Yes
2	Bathea Astrology	Yes
3	Best Benefits Connection	Yes
4	Career Boutique	Yes
5	Career Coach	Yes
6	Christin Medium	Yes
7	Degree Search	Yes
8	Degree Source	Yes
9	Dollar Flight Club	Yes
10	EDU First	Yes
11	Enotem	Yes
12	Everyday Winner	Yes
13	FreshCareerFinder	Yes
14	Maria Medium	Yes
15	My Daily Moment	Yes
16	National Disability	Yes
17	Trending Jobs	Yes
18	Unclaimed Benefits Bulletin	Yes
19	YourEligibilityGuide	Yes
20	JobsLaunch	Yes