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ATM investment promoter Dave Zook also led Lancaster investors to Texas Ponzi scheme



BRETT SHOLTIS | Staff Writer

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Pump jacks extracting crude oil outside of Midland, Texas, July 3, 2024. High prices and growing demand have helped U.S. oil producers take in record profits despite global efforts to spur greater use of renewable energy and electric cars. (Desiree Rios/The New York Times)

DESIREE RIOS

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About an hour south of Dallas, among the gas wells and pump jacks that dot the Texas prairie, there was a business venture some investors from Lancaster County couldn't pass up.

A company called Clean Energy Technology Association said it had developed a patented method for refining coal and had struck a deal to sell one of its products to ExxonMobil. Investors were promised quarterly returns and sizable tax deductions.

Delivering this promise was David Zook, the 49-year old self-described “Real Asset Investor,” from Sadsbury Township. Zook, a partner in his family’s shed making company, has blazed his own trail in business over the past decade, offering people tax write-offs and profits through alternative investments.

“I found out about it from Dave Zook,” said one CETA investor, who was granted anonymity by LNP | LancasterOnline because of ongoing legal concerns. The investor said he knew others who said they made money on their investments.

“They were crushing it,” he said.



A screenshot from Dave Zook's public Facebook page. Zook, at left, sits next to Eric Shelly, a defendant in a federal civil case involving a Texas-based Ponzi scheme.

Screenshot

In 2022, that investor put in more than \$1.5 million, federal court records show. The other investors he knew had all gotten their money back, he said. But he lost it all, and in the end, so did hundreds of others.

In May 2023, the federal Securities and Exchange Commission intervened.

The SEC found CETA’s sales pitch was based on lies. Its financial statements to investors were fraudulent. There was no ExxonMobil contract. One product promoted to investors, called “carbon capture units,” did not exist beyond a few prototypes, according to the SEC’s complaint.

A federal judge appointed a receiver to take control of CETA's assets. CETA, the receiver determined, was operating a Ponzi scheme — a financial fraud that relies on new investors to pay off earlier investors, and which collapses when the payouts exceed the cash coming in.

Investors lost \$181 million, an April 2025 court exhibit shows. But Zook and four other “promoters” in the scheme walked away with a total of \$19 million in gains.

As a promoter, Zook invested his own money but also was paid for bringing in others. While investors recruited by Zook lost \$8.6 million, Zook netted \$7.2 million, a court exhibit shows. The SEC is considering whether to pursue getting that money back, a court filing states.

Case 6:23-cv-00321-ADA Document 119-6 Filed 04/02/25 Page 1 of 1
Ex F-Promoter Breakdown As of 4/2/2025

Exhibit F - Promoter Breakdown

Total Scheme Breakdown			
Promoter	Determined Investments	Determined Disbursements	Net Position Loss or (Gain)
Abide	\$ 35,694,208.06	\$ (34,839,337.57)	\$ 854,870.49
Hill	\$ 40,170,082.32	\$ (14,347,309.42)	\$ 25,822,772.90
Keels	\$ 8,706,665.42	\$ (2,537,438.10)	\$ 6,169,227.32
Kevin Douglas	\$ 7,516,875.00	\$ (366,896.00)	\$ 7,149,979.00
Shelly	\$ 175,616,000.00	\$ (54,287,907.44)	\$ 121,328,092.56
Zook	\$ 57,061,147.66	\$ (55,702,899.43)	\$ 1,358,248.23
Unknown	\$ 470,000.00	\$ (963,450.96)	\$ (493,450.96)
Total	\$ 325,234,978.46	\$ (163,045,238.92)	\$ 162,189,739.54

Promoters' Personal Net Position			
Promoter	Determined Investments	Determined Disbursements	Net Position Loss or (Gain)
Abide-Promoter	\$ 354,096.00	\$ (5,735,243.19)	\$ (5,381,147.19)
Keels-Promoter	\$ 1,400.00	\$ -	\$ 1,400.00
Kevin Douglas-Promoter	\$ 990,000.00	\$ (93,345.00)	\$ 896,655.00
Shelly-Promoter	\$ 700,000.00	\$ (8,027,006.83)	\$ (7,327,006.83)
Zook-Promoter	\$ 18,035,147.66	\$ (25,272,027.29)	\$ (7,236,879.63)
Total	\$ 20,080,643.66	\$ (39,127,622.31)	\$ (19,046,978.65)

Promoters' Investors' Net Position			
Promoter	Determined Investments	Determined Disbursements	Net Position Loss or (Gain)
Abide-Investor	\$ 35,340,112.06	\$ (29,104,094.38)	\$ 6,236,017.68
Hill-Investor	\$ 40,170,082.32	\$ (14,347,309.42)	\$ 25,822,772.90
Keels-Investor	\$ 8,705,265.42	\$ (2,537,438.10)	\$ 6,167,827.32
Kevin Douglas-Investor	\$ 6,526,875.00	\$ (273,551.00)	\$ 6,253,324.00
Shelly-Investor	\$ 174,916,000.00	\$ (46,260,900.61)	\$ 128,655,099.39
Zook-Investor	\$ 39,026,000.00	\$ (30,430,872.14)	\$ 8,595,127.86
Unknown	\$ 470,000.00	\$ (963,450.96)	\$ (493,450.96)
Total	\$ 305,154,334.80	\$ (123,917,616.61)	\$ 181,236,718.19

This federal court exhibit shows gains and losses among people who invested in a Texas-based Ponzi Scheme.

Court exhibit

Zook is not a defendant in the Texas federal civil case, but he is in a remarkable situation: He promoted two major investments that are now under federal review.

Zook was a fund manager for Prestige Investment Group, which fed investor money into Lancaster businessman Daryl Heller's failed ATM network, Paramount Management Group. Paramount now owes Prestige \$140 million. Heller has filed for bankruptcy in New Jersey. The FBI raided Paramount's office in December, signaling potential criminal consequences for Heller. Last week, Zook sued Heller, claiming Zook loaned Heller \$1 million in April 2024 that wasn't repaid.

Contacted for this story, Zook said focusing on CETA distracts from the many profitable deals he's landed for investors, bringing millions in gains to Lancaster County.

"Of the 10 different asset classes, two of them went bad," Zook said, referring to the CETA Ponzi scheme and Heller's ATM company.

Zook recalled traveling to Fairfield, Texas, years ago where he met with Roy Hill, who was then the town's mayor. Hill, a defendant in the SEC investigation, showed Zook what looked like a contract with ExxonMobil, he said.

"To me, it looked like a great opportunity, with an institutional company behind it," Zook said. "And all this guy needed was money to build a bunch of equipment to produce it."



Under oath, Paramount execs could not say ATM company wasn't a Ponzi scheme

Zook emphasized that after 2020, he stopped promoting CETA as an investment because Hill wasn't providing sufficient financial information.

"Because of that, my investors, almost all of them, are made whole and plus some," Zook said. He explained that even for investors who lost money, the tax savings obtained by writing off depreciable assets made the investment worthwhile.

"When you look at it from a cash and depreciation perspective, they're more than made whole," he said.

'A technology fraud'

While Zook's investors could have made money through tax breaks that aren't shown in court records, those records show that some of them lost a combined \$8.6 million by investing in CETA.

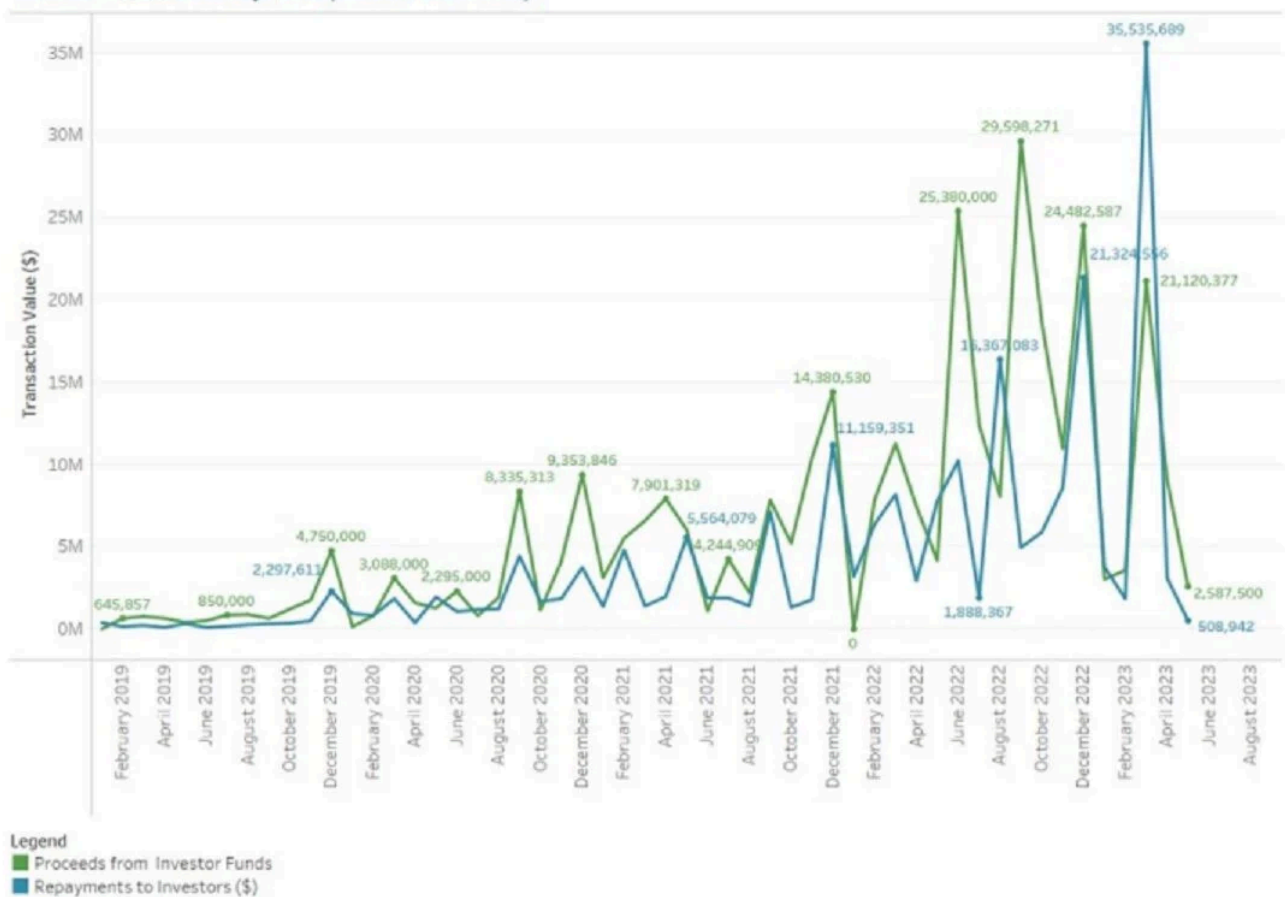
Anyone who came out ahead did so through a scheme that resulted in losses for other investors, said Dennis Roossien, the Texas attorney for the federal receiver in the SEC case.

Roossien said Zook and two other promoters were paid for their work. Zook, through his investment company, received \$12 million, Roossien said.

"He was quite far ahead until, in the 2022 period, he and his family members went back in and invested in a big way," Roossien said.

By then, the scheme was just months away from collapsing.

Investor Proceeds and Payments (Investor Cash Flows)



This graph shows the CETA Ponzi scheme playing out over several years. Investors were paid quarterly. As time goes on, the need to pay investors exceeded the amount of new money coming in, causing the scheme to collapse.

Court filing

This time, Zook lost millions, Roossien said, but he had still netted \$7.2 million overall.

Zook's family members also lost money, Roossien said. Court records show that nine other people with the surname Zook lost a total of \$3 million.

Roossien explained that the CETA Ponzi scheme originated around 2018 and "grew out of what appears to be a technology fraud."

Hill claimed he would “save the local coal mine with his special coal he was going to create,” Roossien said. Hill wanted to convert the low-energy lignite, sometimes called “brown coal,” that is common to the region into an energy-rich fuel. This process created a liquid byproduct, a solvent that Hill called “CETASolve.”

As the scheme evolved, Hill falsely claimed CETA was building carbon-capture units that would use the solvent for natural gas operations, Roossien said. ExxonMobil, Hill falsely said, would buy it.



We broke down an 825-page court document filed in the Daryl Heller bankruptcy: Here's what we learned

One promoter, a dentist from the Philadelphia suburbs named Eric Shelly, netted \$7.3 million while his investors lost \$129 million. Shelly is named as a defendant in the civil case.

Roossien said Zook played a key role in connecting Hill to Shelly and other promoters.

“And this is because of their association through the Real Asset Investor, which obviously is also the ecosystem from which the ATM fraud emerges,” Roossien said. “That was kind of ground zero in terms of this generating all of this interest.”

‘The first inning’

In general, people who promote what turn out to be Ponzi schemes could get into trouble if they had information that was not shared with their investors, said John Bender, a Seattle-based attorney with expertise in fraud cases. Bender noted that he represents some of the people who lost money to CETA, including two who also lost money in Heller’s ATM venture.

“These tragedies never occur in a vacuum,” Bender said. “Ponzi schemes almost always depend upon participation by a cast of characters who help promote or support the scheme in some way and make a lot of money for themselves in the process.”

He said civil fraud cases can take years to shake out.

“In the bankruptcy world, once a scheme established to be a Ponzi scheme runs its course in bankruptcy, there typically is a trust created, and it liquidates any remaining assets or sues to generate those litigation recoveries,” Bender said.

The Heller bankruptcy likely is the “first inning” in a long process involving an appointed trustee and efforts to repay creditors, Bender said. Speaking generally, he said criminal indictments follow investor complaints to state or federal authorities and a grand jury investigation that finds an indictment is warranted. Often, the charges involve fraud.

Dave Zook
December 28, 2020 · 🌐

Check out my recent interview with Russ Gray at the Real Estate Guys.

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A screenshot from Dave Zook's public Facebook page.

Screenshot

Bender pointed to the historically huge Bernie Madoff Ponzi scheme as the most well-known example. In 2009, Madoff was found guilty of fraud and sentenced to 150 years in federal prison. He died in prison in 2021.

However, recently, “alternative investments” such as ATMs or drinking water vending machines have become common vehicles for fraud or misconduct, Bender said.

“The past five years, we’ve seen more and more of these nationally syndicated alternative investment schemes that, in many cases, have turned out very poorly, and far from what they were billed to be,” Bender said. “And hundreds of families and investors from all over the country have really paid a huge price.”

This reporter's work is funded by the Lancaster County Local Journalism Fund. For more information, or to make a contribution, please visit [lanc.news/supportlocaljournalism](https://lancasteronline.com/news/local/atm-investment-promoter-dave-zook-also-led-lancaster-investors-to-texas-ponzi-scheme/article_e3772e61-b8...).



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