

2007 BCSECCOM 700

Temporary Order and Notice of Hearing

**Anwar Badshah and
Badshah Communications Group Ltd.**
(collectively, the Respondents)

Section 161 of the *Securities Act*, RSBC 1996, c. 418

- ¶ 1 The Commission will hold a hearing at which the Executive Director will tender evidence, make submissions and apply for Orders against the Respondents under sections 161, 162 and 174 of the Securities Act, RSBC 1996, c. 418 (the Act), based on the following facts:

Overview

1. Anwar Badshah (Badshah) is the principal of Badshah Communications Group Ltd. (BCG), an investor relations and corporate communications firm that promotes third-party publicly traded companies (the Clients).
2. Badshah is a British Columbia resident and the CEO, President, Secretary and Treasurer of BCG. Badshah is directly involved in the day-to-day operations of BCG.
3. BCG is incorporated in British Columbia and maintains offices at 1500 - 701 West Georgia Street, Vancouver, B.C.
4. Since at least April of 2005, the Respondents have operated an investment scheme involving the sale of securities in the form of promissory notes (Promissory Notes), which typically promise investors a 100% return on their principal within a certain period of time.
5. In some instances, the Promissory Notes commit the Respondents to deliver securities of certain issuers to investors.
6. To date, the Respondents have raised at least \$2.2 million through the sale of Promissory Notes to at least 150 investors, most of whom are British Columbia residents.

Illegal Distribution & Unregistered Advising

7. None of the Respondents is registered in any capacity under the Act.
8. No prospectus has ever been filed in British Columbia respecting the distribution of the Promissory Notes.

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9. By offering the Promissory Notes for sale to investors and recommending the purchase of the Securities to investors and potential investors, Badshah has been promoting, negotiating and advising on the purchase and sale of securities, contrary to section 34(1) of the Act.

Misrepresentations

10. The Respondents have been representing to investors and potential investors, among other things, that:
- (a) money received from investors would be used by the Respondents to purchase various securities and the return on such investments would fund the payments due on the Promissory Notes; and
 - (b) money received from investors would be used by the Respondents to purchase the securities of certain issuers on behalf of investors and that the Respondents would deliver such securities to investors.
11. The above statements are false:
- (a) The money received by the Respondents from investors was used by the Respondents for personal expenses and to make payments due on the Promissory Notes to earlier investors; and
 - (b) The Respondents did not use investors' money to purchase securities of certain issuers on behalf of investors and the Respondents delivered no securities to investors.
12. In making these and other false statements, the Respondents made misrepresentations contrary to section 50(1)(d) of the Act.

Fraud

13. The distribution of the Promissory Notes by the Respondents is a Ponzi scheme. By obtaining investors' funds under false pretenses, misdirecting investors' funds and making the above false statements to investors and potential investors, the Respondents are perpetrating a fraud, contrary to sections 57 and 57.1 of the Act.

Temporary Order

- ¶ 2 The Executive Director considers the length of time to hold a hearing under section 161(1) of the Act could be prejudicial to the public interest and, considering that it would be in the public interest to do so, orders under section 161(2) of the Act that:

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1. under section 161(1)(a) of the Act, the Respondents comply with or cease contravening the Act;
2. under section 161(1)(b) of the Act, all persons cease trading in the Promissory Notes, and any issuer directed or managed by the Respondents; and
3. under section 161(1)(d)(iii) of the Act, the Respondents cease all investor relations activities on behalf of any issuer,

for a period expiring December 11, 2007 (the Temporary Order).

- ¶ 3 A hearing will be held at the 12th Floor Hearing Room, 701 West Georgia Street, Vancouver, British Columbia, on December 11, 2007 at 10:00 am (the Hearing).
- ¶ 4 At the Hearing, Commission staff will ask the Commission to extend the Temporary Order until such time as a decision is rendered.
- ¶ 5 The Respondents may be represented by counsel at the Hearing and may make representations and lead evidence. The Respondents are requested to advise the Commission of their intention to attend by contacting the Commission Secretary at PO Box 10142, Pacific Centre, 5th Floor, 701 West Georgia Street, Vancouver, BC, V7Y 1L2, phone: (604) 899-6500; email: commsec@bcsc.bc.ca.
- ¶ 6 Determinations may be made in this matter if the Respondents or their counsel do not appear at the Hearing.
- ¶ 7 November 27, 2007

Lang E. Evans

- ¶ 8 Langley E. Evans
Acting Executive Director