

2008 BCSECCOM 258

Temporary Order and Notice of Hearing

Adis Golic (also known as Ady Golic), Adcapital Industries Inc. and AD Capital U.S. Inc.

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 Adcapital Industries Inc., AD Capital U.S. Inc. and Adis Golic, also known as Ady Golic (collectively the Respondents), under sections 161, 162 and 174 of the *Securities Act*, RSBC 1996, c. 418, based on the following facts:

¶ 2 **Background**

1. Adcapital Industries Inc. (Adcapital) is a British Columbia corporation with a registered and records office in Vancouver, British Columbia.
2. AD Capital U.S. Inc. (Adcapital US) is a Nevada corporation with a registered business address in Burnaby, British Columbia. Shares of Adcapital US are traded on the Pink Sheets, an unregulated over the counter market in the United States.
3. Adis Golic (Golic) is a resident of Burnaby, British Columbia. He is the president of Adcapital and his residence in Burnaby is the registered business address of Adcapital US.
4. None of Adcapital, Adcapital US and Golic is registered to trade securities under the Act.
5. Neither Adcapital nor Adcapital US have filed a prospectus under the Act.

Phone Room

6. During the period of November 2007 to May 7, 2008, Adcapital, Adcapital US and Golic operated a phone room at 6929 Royal Oak Avenue, Burnaby, British Columbia (Phone Room) that promoted Adcapital US securities to potential investors by telephone.
7. Individuals employed in the Phone Room (Phoners) made and received telephone calls to and from potential investors. They solicited potential investors to purchase securities of Adcapital US. Phoners told potential investors, among other things, that Adcapital and/or Adcapital US were:

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- (a) seeking to use a muffler technology that would reduce automobile emissions by 97%;
 - (b) doing so well they had to turn down money;
 - (c) preparing to step into a “shell” and trade on the Toronto Stock Exchange; and
 - (d) accepting investors who did not qualify as accredited investors.
8. Adcapital held the business license with the City of Burnaby for the Phone Room. Adcapital US paid the Phoners.

May 7, 2008

9. On May 7, 2008, Commission staff executed simultaneous search warrants at the Phone Room and at Golic’s residence.
10. Commission staff observed ten Phoners in the Phone Room.
11. Phoners sat at workstations set up in a “U” shape. Individual workstations had a telephone, call scripts advertising Adcapital stock (Scripts), and call sheets with names and phone numbers (Call Sheets). Some of the Call Sheets had handwritten notes stating “call back,” “very interested,” “I think will invest!!”, “1000 shares booked” and “closed!”.
12. From the Phone Room, Commission staff seized:
- (a) identical Scripts from various workstations;
 - (b) hundreds of Call Sheets; and
 - (c) written instructions advising that “Cheques are made payable to ADCAPITAL US. INC.” to Golic’s residence.
13. Golic was the manager of the Phone Room. His office was adjacent to the Phoners’ workstations.
14. From Golic’s residence, Commission staff seized:
- (a) Financial projections for Adcapital US;
 - (b) Scripts; and

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- (c) Other business records for Adcapital US.

Misconduct

15. The Respondents, through their operation and management of the Phone Room, traded and distributed Adcapital US securities, contrary to sections 34 and 61 of the Act.

Conduct Contrary to the Public Interest

16. The Respondents' conduct as set out in this Notice of Hearing was contrary to the public interest.

¶ 3 Temporary Order

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 (the Temporary Order) that:

1. under section 161(1)(b) of the Act, the Respondents cease trading and purchasing any securities;
2. under section 161(1)(d)(i) and (ii) of the Act, Golic is prohibited from becoming or acting as a director or officer of any issuer;
3. under section 161(1)(d)(iii) of the Act, Golic is prohibited from becoming or acting as a registrant or a promoter;
4. under section 161(1)(d)(iv) of the Act, Golic is prohibited from acting in a management or consultative capacity in connection with activities in the securities market; and
5. under section 161(1)(d)(v) of the Act, the Respondents are prohibited from engaging in investor relations activities;

for a period expiring on June 3, 2008.

- ¶ 4 The Hearing will be held at the 12th Floor Hearing Room, 701 West Georgia Street, Vancouver, British Columbia, on Tuesday, June 3, 2008, at 10:00 am.
- ¶ 5 At the Hearing, the Executive Director will ask the Commission to adjourn the matter and extend the Temporary Order pending the conclusion of the investigation.

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- ¶ 6 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 his intention to attend by contacting the Secretary to the Commission 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.
- ¶ 7 Determinations may be made in this matter if the Respondents or their counsel does not appear at the Hearing.
- ¶ 8 May 20, 2008
- ¶ 9 Brenda M. Leong
Executive Director