

ADOMANI: Zero Revenues In 2017, Weak Technology, Co-Founder Is A Convicted Felon, 90%+ Near Term Downside

- In its Reg A+ IPO prospectus from April, 2017, ADOMANI (ADOM), an electric drivetrain provider, forecasted \$69M in sales in 2017. The company so far has \$0 in revenues for 2017.
- ADOMANI's Co-Founder and his partner who solicited ADOMANI stock are convicted felons.
- The company is primarily a reseller for other manufacturers and its technology is weak.
- ADOMANI's fully diluted market cap of over \$500M is valued incorrectly way above its peers, such as GreenPower Motor (GPVRF), which has a market cap of only \$28M.
- Starting on October 22, 2017, insider stock options will be exercisable, as well as warrants to exercise 21 million shares at an exercise price of only \$0.10 per share.

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Our last few short ideas have done very well. In particular, the online cash back company Ominto (OMNT). On April 12, with the stock trading at \$13.59, we published our bearish article [here](#). The stock closed on September 8th at \$2.99, for a 78% decline from our call.

We believe we have found an even better short than OMNT with potential for a 90%+ decline in the next 6 months. Allow us to introduce you to ADOMANI (ADOM).

ADOMANI exploded onto the investment scene on June 15, 2017, selling over 2.5 million shares in the offering at \$5 per share.. It was one of the first companies to utilize the new Reg A+ method of crowdfunding to get to the

public market without having to bother with the typical road shows and institutional investors. ADOMANI's investors are all retail, as far as we know.

Now the stock is up over 100% since the IPO even though the company has not yet made a single one of its projected sales in 2017. ADOM has a monstrous valuation of about \$800 million with a fully diluted 89.5 million shares outstanding.

The company has a years-long history of promising grand sales and its new technology is only to come out with essentially zero sales year after year. This extensive report goes into how ADOMANI began, how it misleads investors with PRs, how its technology isn't good, and how it has fanned the flames of hype to get to its valuation today. First, let's look at the history of some key executives and insiders.

Skeletons In The Closet

Incredible financial projections and massively overhyped technology is never enough for companies like ADOMANI. It seems they always have some issues with management and insiders as well. We will start with the most "colorful" out of the bunch, Co-founder Dennis Di Ricco.

Dennis Di Ricco

We first noticed Di Ricco from this curious note in the [Form 1-A/A](#):

The Preliminary Offering Circular dated February 13, 2017, attached to the Form 1-A/A filed February 13, 2017 (the "**Prior Offering Circular**"), had disclosed that Dennis R. Di Ricco beneficially owned 14,209,962 shares, or 21.77% of the total voting power, of our Common Stock as of January 31, 2017, including shares held as of record by certain family members and trusts and shares issuable upon the exercise of options, and would beneficially own Common Stock between 16.06% and 16.74% total voting power of our Common Stock after this Offering. The Prior Offering Circular also had disclosed that Mr. Di Ricco, who was at the time a ten percent or greater stockholder in the Company and was expected to remain as a ten percent or greater stockholder after this Offering, had been issued a cease and refrain order issued by the California Corporations Commissioner in December 2008. Subsequently, Mr. Di Ricco (including the family members and trusts) relinquished voting and investment power over all our securities; Mr. Di Ricco also surrendered all of his options to acquire Common Stock for forfeiture and cancellation and sold all 2,500,000 shares held as of record by his IRA. The Company and Mr. Di Ricco also terminated their consulting relationship, which also had been disclosed in the Prior Offering Circular.

We searched and found the [Cease and Refrain order](#), and discovered it involved his company Real-Time Oil Monitoring. According to the order, Di Ricco is a disbarred attorney with criminal convictions for aiding and abetting the preparation of false tax returns and obstruction of justice. Further, he

had been selling shares in one of his companies, Real-Time Oil Monitoring, without disclosing his professional or criminal history. Real-Time Oil Monitoring claimed to have a “patented technique” and lists specific US patents. However, it was discovered that none of these patents were invented or owned by Di Ricco or Real-Time Oil Monitoring. Based on these facts, the State of California ordered that Di Ricco Desist and Refrain from offering or selling any security in the State of California.

Looking back at Di Ricco’s convictions, we find his activities were uncovered during a federal investigation of a payola scheme that was part of an [organized crime investigation](#). After being convicted, Di Ricco then decided to testify against others in what was considered the largest payola case in history.

From a [2009 tax fraud ruling](#), we find more information about the fallout of his conviction. While Di Ricco got a sentence of only probation, he got into more trouble when his probation officer demanded he repay some loans as a condition of his probation. Being short of cash, Di Ricco had stock in a public company, Audre, Inc, which had increased from pennies per share to over \$6 per share. The problem was that Audre was thinly traded. Di Ricco’s solution was typical of the penny stock world. As stated in the tax fraud ruling:

“The stock was thinly traded, and petitioner feared that selling it would cause its value to plummet. Petitioner and his stock broker established multiple nominee accounts to sell the stock while also attempting to stabilize the market.”

Di Ricco apparently had not been deterred by the criminal justice system. We find him right back in action with ADOMANI. In 2014 we see him listed as the contact person on [ADOMANI press releases](#).

We did some more digging, and found [this Desist And Refrain Order](#), issued on January 26, 2015, regarding the sale of ADOMANI stock.

The order says a guy named James Rogers was soliciting ADOMANI shares to the public through an entity called the Spirit of California Entertainment Group (SOC). From the order:

“Starting in or about March, 2013, Rogers solicited investors for ADOMANI in which he was a shareholder. For each ADOMANI stock purchase attributed to Rogers’ efforts, ADOMANI issued a matching number of shares to SOC. During the period of March 2013 through May 2013, Rogers, working in concert or participation with his local associates, induced at least 20 additional California residents to purchase over \$200,000.00 in stock from SOC and/or ADOMANI.”

Among other transgressions, the Desist and Refrain Order states that the SOC PPM (Private Placement Memorandum) did not disclose the following material facts relating to Rogers:

- (i) In 1982, Rogers was convicted of possessing a drivers’ license or identification card with intent to commit forgery in violation of California Penal Code section 470, subdivision (b);
- (ii) Since 2008, multiple judgment and tax liens collectively exceeding \$200,000 have been filed against Rogers personally; and,
- (iii) In 2010, a lawsuit was filed against Rogers alleging fraudulent and negligent misrepresentation, fraudulent conveyance, and other causes of action related to investment property in Los Gatos, California.

Regarding Di Ricco, the Order states:

1. The SOC PPM did not disclose that Dennis Ronald DiRicco (“DiRicco”), a principal officer of Adomani, was also a director and officer of SOC, according to securities notices SOC filed with both the Commissioner and the SEC in December 2012.

m. Investors were not told the following material facts concerning DiRicco:

(i) DiRicco resigned from the California State Bar in 1989 with charges pending;

(ii) DiRicco, who prepared SOC's 2012 corporate income tax returns, was convicted in 1989 for conspiring to defraud the United States, aiding and abetting in the preparation of false tax returns, and obstruction of justice; and, in 2000, for interference with administration of internal revenue laws;

(iii) In December 2008, the Commissioner issued a Desist and Refrain Order to DiRicco for selling unqualified, nonexempt securities, acting as an unlicensed broker-dealer and investment adviser, and making material misrepresentations to investors in violation of state securities laws;

(iv) In 2003 and 2013, DiRicco filed for Chapter 7 bankruptcy; and,

(v) In 2013, an adversary bankruptcy case was filed against DiRicco alleging fraudulent conversion and damages.

Both of these convicted felons, James Rogers and Dennis DiRicco, own an obscene amount of ADOM stock and options. As shown on page 88 of the [February Form 1-A/A](#), the following are their holdings:

	Owned Shares of Common Stock
Dennis R Di Ricco	14,209,962
James Rogers	3,914,020

On the next page, it goes into more detail on their stock holdings. It says:

For Di Ricco:

Includes 2,473,797 shares of Common Stock issuable upon conversion of debt. Includes 920,000 shares held of record by the Acaccia Family Trust, for which Dennis Di Ricco serves as trustee, 2,500,000 shares held of record by Pershing LLC FBO Dennis R. Di Ricco Roth IRA, 4,000,000 shares held of record by Provident Trust Group FBO Cornelia P. Doherty ROTH IRA and 80,000 shares held of record by Connie Doherty Living Trust Dated May 1, 1996. Also includes an option to acquire up to 3,998,356 restricted shares of Common Stock at an exercise price of \$0.10 per share.

Shown [here](#), Cornelia Doherty is the wife of Di Ricco, and as stated owns 4M shares of ADOM, which at today's share price is worth over \$20M.

For Rogers:

Includes 2,034,020 shares held of record by Spirit of California Entertainment Group, Inc., 130,000 shares held of record by James B. Rogers Irrevocable Family Trust and 1,750,000 shares of record held by Mobile Grow, Inc.

This brings us to our next colorful officer of ADOMANI, Edward Monfort.

Edward R. Monfort

Mr. Monfort is [listed](#) as the chief designer of ADOMANI's patented technology with previous experience with electric vehicles and cryogenics since he completed his BS at Western Carolina University.



Edward Monfort

Founder, CTO

20+ years

- Former CEO of ADOMANI and the chief designer of ADOMANI's patented technology
- Developed various electric vehicles, control panels, and cryogenic machines
- BS Western Carolina University

You have to admire Monfort for competing in electric vehicle technology with all those scientists with Masters degrees and PHDs from major engineering centers like Stanford, CalTech, and MIT. And here he is with a BS from Western Carolina and has risen to become Chief Technical Officer of an EV company valued by the public market at over \$500M. It is even more impressive when you find out that his BS degree was actually in Finance.

However, Monfort has made maximum use of his Finance degree as his [Linkedin page](#) shows he was President of Cryotherm and a Cryogenic Engineer at the same time he was developing the ADOMANI products. But something wasn't quite right with Cryotherm as he is using the page to solicit participants in a lawsuit.

President

Cryotherm

Apr 2009 – 2017 • 8 yrs

If you are a investor of this company please contact me about a lawsuit I will be filing on this group out of San Jose and Las Vegas. I will be filing a complaint with the California Department of Business oversight.

His LinkedIn page also contains his previous company as owner of Ronaele Mustang. Ronaele customized Ford Mustangs. Most relevant to ADOMANI was an [electric version](#) and we suspect this was the inspiration to start ADOMANI. Clearly sales weren't great, as Monfort was done with the company in March, 2010. Then, as stated in [this ADOMANI filing](#) from November 2014, Mr. Monfort filed a Chapter 7 Bankruptcy Petition in November 2010.

Monfort's LinkedIn page says he became CTO of ADOMANI in December, 2011. And it looks like he hasn't updated his page in awhile as it says they have an electric Box truck and an F150.

CTO

ADOMANI, Inc

Dec 2011 – Present • 5 yrs 10 mos

Orange, California

Actual working and drivable All electric Box truck and F150.

There are many videos of these vehicles working and running with data logging of vehicle working and running. Over 2,000 miles each of proven reliability and performance on both of these vehicles.

Youtube has various videos that track the evolution of Monfort and ADOMANI.

2013: [ADOMANI Hybrid Mustang](#), [Electric Ford Ranger](#) and [Hybrid Ram 1500 truck](#)

2014: [ADOMANI Electric Ford F-150](#) and [Electric School Bus](#)

2016: [ADOMANI Box Truck](#)

All involve a stock vehicle modified with an electric motor. And none of them seem to have had any success at generating actual sales.

With Zero Revenues in 2017, ADOMANI's Sales Projections Continue To Be A Daydream

In this section, we're looking at the sales projections ADOMANI had for 2017 in its IPO prospectus, and compare it to how the company has performed so far. With Tesla prominent in financial news for its electric cars and soon to come trucks, ADOMANI has done a good job stoking the electric vehicle (EV)

fire. See their investor presentation in their [Form 1-A offering statement](#), exhibit 13.1. ADOMANI shows how their technology allows them to replace an existing internal combustion engine with an electric engine to lower fuel cost while maintaining performance. And even better, manufacturers can convert their factories from producing internal combustion vehicles to producing electric vehicles without having to change their production line. ADOMANI then lists its partners (GreenPower, A&Z Bus Sales, Blue Bird, eLion and Greenkraft) who will perform manufacturing and service for ADOMANI.

Next, ADOMANI gets right to forecasting exactly how their sales will massively ramp in 2017. The company states that in Q2 they will start sales of bus and commercial truck kits for conversion of existing fleets. Then in Q3, their partner, GreenKraft, will sell new commercial trucks fitted with their drivetrains, while they complete a plant in China. Finally, in Q4, Blue Bird Corp. (BLBD) will start selling school buses co-developed by ADOMANI, and fleet orders will start rolling in. ADOMANI even goes so far as to list their specific pipeline, with an expectation of \$38M of conversions, \$85M of new vehicles and sales of over 500 additional buses they have co-developed. In total, ADOMANI estimates a one year pipeline of \$275,850,000.

What has ADOMANI sold so far in 2017 from this impressive pipeline? Absolutely nothing. A donut. This is confirmed in the company's [Q217 10-Q](#) on page 2, it shows no revenues on its income statement. In a great, revealing [interview](#) with ADOMANI's CFO, Michael Menerey, by Seeking Alpha contributor The Street Sweeper published on August 29, 2017, Mr. Menerey confirmed that the company has not made any revenues for 2017. We have tried to contact ADOMANI's investor relations to get more details on future sales but they have not responded. Since the company hasn't sold anything this year and is underperforming by a long shot, then logically the stock shouldn't be trading above its \$5 per share IPO price.

Much ADOMANI's pipeline lists specific customers and often the funding source is VWS (Volkswagen Settlement). Indeed, the Volkswagen Settlement is so important they even list as part of their pipeline "\$150M of not identified new and conversion commercial school buses". With a pipeline this

big, it is no surprise that ADOMANI has projected a massive increase in sales and resulting profits, as shown below.

Historical and Projected Net Income (Loss) – Consolidated

<i>(USD in Thousands)</i>	2014A	2015A	2016A	2017E	2018E
Total revenue	\$53	\$0	\$68	\$69,782	\$309,654
Cost of goods sold	\$1	\$0	\$50	\$51,131	\$225,453
Research and development expense	\$59	\$549	\$37	\$187	\$740
Technology consulting expense	\$143	\$135	\$117	\$168	\$213
General and administrative expense _(A)	\$2,059	\$4,633	\$9,398	\$10,753	\$24,693
Other expense / (income)	(\$23)	\$718	\$1,151	\$364	\$18,096
Net income / (loss)	(\$2,186)	(\$6,035)	(\$10,685)	\$7,179	\$40,459

[Source](#): Form 1-A Offering Statement Exhibit 13.1

ADOMANI has only sold two converted buses in its history. One in 2014 for \$53K, and one in 2016 for \$68K, as the revenues are shown in the above table.

Certainly the Volkswagen Settlement is significant for the industry. We believe this funding is what's fueling the retail investor speculation for ADOM. ADOMANI makes sure to milk this speculation as demonstrated by its [PR](#) on August 17, 2017 titled:

ADOMANI Sees \$2.9 Billion in Settlement Funds, from Volkswagen Environmental Mitigation Trust, As Unprecedented Product Funding Opportunity in its Goal to "Help Yellow Go Green!"(TM)

Even though this settlement news is [almost](#) a year old. As part of its settlement for its diesel vehicles releasing excess emissions and violating the Clean Air Act, Volkswagen was required to fund the [Environmental Mitigation Trust Fund](#) with \$2.9B. The funds will be dispersed to the states to fund projects to reduce nitrogen oxide emissions. Buses and trucks are listed in the categories of projects the trust may fund. And as states begin to designate how they will use their funds, school buses seem to be getting [some attention](#) as a funding option.

ADOM is a hot new stock in an industry poised to receive a massive influx of money which the company forecasts will give it an enormous ramp in sales

and profits. But so far, the forecasts have been too good to be true, and we believe that will continue to be the case in the months and years to come.

Fantasy Financial Projections

Nothing in ADOMANI's presentation is more egregious than how they use the term "Pipeline". The standard [definition](#) is "an activity that is between the starting point and the completion point." ADOMANI claims a \$275M pipeline, but \$150M of that is "VWS not identified." If the customer has not even been identified, how can the sales process have been started? It can't, and better fits the definition of a [daydream](#): "a pleasant visionary usually wishful creation of the imagination."

ADOMANI has daydreamed a lot from past PRs. We can see one of these [PRs](#) in 2015 when they signed up to be the Factor Representative for GreenPower Motors (GPVRF) in California. ADOMANI claimed they will "bring 50 GreenPower zero emission school buses into the state in 2016 and an additional 100 in 2017". And here we are in late 2017, and the company is stuck on 0 buses from GreenPower.

Then on June 2, 2016, ADOMANI embarked on more daydreams with GreenPower, when GreenPower issued a [PR](#) titled: "GreenPower Announces 9 Letters Of Intent Received By ADOMANI For 25 GreenPower All-Electric School Buses."

From the PR:

"While most of these letters of intent are for Type C school buses, we are also seeing interest for the Type A school buses as well. Our factory representative agreement signed with ADOMANI late last year has continued to be an exceptional partnership, enabling us to rapidly pursue market opportunities in California," stated Phillip Oldridge, CEO of GreenPower.

Again, over a year later and 0 buses have been sold. We doubt Mr. Oldridge would make this statement today regarding its partnership with ADOMANI. We wouldn't know, however, as we have tried to get in contact with GreenPower investor relations three times but they have stealthily avoided us each time.

As an investor of ADOMANI, it's imperative to ask the question: Why hasn't the company made any sales whatsoever in 2017, despite its lofty forecast and pipeline?

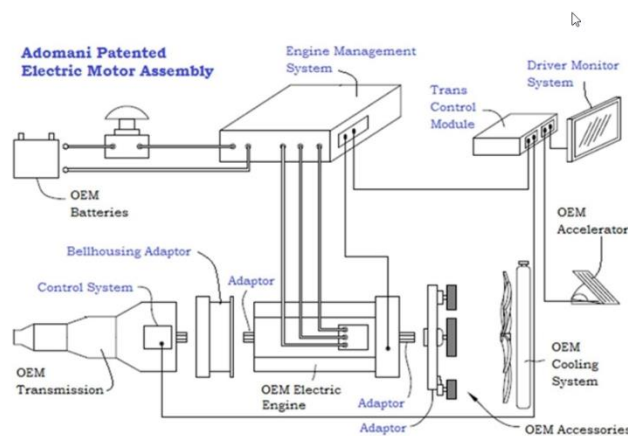
We believe one of the reasons why ADOMANI hasn't made any sales, is that there is no benefit for customers to purchase their drivetrains. We go over their lack of innovative technology in the next section.

A Look Into ADOMANI's Illusion Of Technology

Throughout its investor presentation and press releases, ADOMANI gives the impression that it has significant technology in electric drivetrains, and that these drivetrains will be used for both new electric vehicles and for the conversion of an existing fleet.

The reality is that while electric vehicles can contain some very high levels of technology, ADOMANI's tech is far less sophisticated. Analyzing ADOMANI's slide of their drivetrain:

PRODUCT OVERVIEW



Key Features

- ADOMANI's patent-protected assemblies use OEM ancillary products (air conditioning compressor, transmission, alternator, etc.)
- The all-electric power system is a conversion installation kit

Key Benefits

- Using OEM parts, our power system is not only easier to maintain, but also costs less to maintain
- Infrastructure already in place for necessary vehicle assembly and maintenance
- Highly efficient all-electric system creates lower fuel costs while maintaining performance
- Kit format allows for manufacturers to convert their factories from combustion vehicles to electric without changing their production line

[Source](#): Form 1-A Offering Statement Exhibit 13.1

Note that the batteries and engine come from other companies and the transmission is the same one that was used by the original internal combustion engine. ADOMANI's technology seems to only consist of electronics to control the motor and transmission, along with some adapters

so the electric motor can interface with the old transmission and existing accessories.

Certainly these methods help to get a vehicle converted to an electric motor, but what is the real benefit? Electric vehicles get weight reduction by eliminating or simplifying the transmission and running electrical components from the same battery pack that runs the engine. ADOMANI's system has a generator attached to the electric motor which also has to charge a separate battery to run all the vehicle's other electrical components. It also doesn't seem to have the ability to use braking to recharge its own batteries and reduce brake wear like a full electric drivetrain. So at best, ADOMANI has some technology for implementing a very low tech solution, and the real technology is in the batteries, motors, and components purchased from other companies.

In the [offering statement](#) ADOMANI states it gets its components from other companies:

“We manufacture and assemble zero-emission electric and hybrid drivetrains and conversion kits from components supplied by third parties. For example, batteries, traction motors, power electronics, connectors, cables, and metal fabrication for battery storage boxes.”

ADOMANI further states:

“Further, our relationships with these third parties are typically non-exclusive and do not prohibit the other party from working with our competitors.”

There's no incentive for a prospective customer to order a bus or drivetrain through ADOMANI when it can go straight to the manufacturer. ADOMANI is a middle man that can easily be cut out of the sales process. ADOMANI hasn't made a single sale in 2017, so it offers no advantage to its partners of bulk sales. Clearly ADOMANI doesn't have any priority network or special connections to get more sales to its partners. And its technology isn't innovative. We fail to see how ADOMANI will ever achieve any meaningful sales.

On June 21, 2017, ADOMANI [announced](#) that it “Takes Delivery Of First All-Electric Type-D School Bus”. The PR further states that “ADOMANI will be

taking its bus on tour, beginning with California schools ...” That sounds very impressive, and implies ADOMANI has its own all-electric bus to show to schools. But that’s not the case. The previous day, GreenPower Motor had put out a [PR](#) stating “GreenPower’s Synapse 72 School Bus Commences Demonstration Tour”. In fact, ADOMANI’s subsidiary, School Bus Sales of California was part of the tour with GreenPower because it is a dealer for GreenPower buses. The bus itself is built by GreenPower with GreenPower technology. ADOMANI is just acting as a reseller.

On July 13, 2017, ADOMANI [announced](#): “ADOMANI and Blue Bird Introduce All-New Electric School Bus.” The PR states: “this announcement marks ADOMANI’s first opportunity to accelerate the design, manufacture and marketing of its zero-emission drivetrains for new vehicles and for use in existing vehicles.”

But here’s the ironic thing. Blue Bird (BLBD) released a PR two days earlier that read a bit different. Their PR did say that the electric bus chassis was developed “in conjunction with California-based ADOMANI”. However, it then says it “operates on an energy-efficient electric drivetrain supplied by Efficient Drivetrains, Inc. (EDI).”

So it’s not even ADOMANI’s drivetrain. ADOMANI’s PR is misleading in saying that the drivetrain is ADOMANI’s. Why didn’t ADOMANI mention EDI in its PR? While we couldn’t find any mention of EDI in ADOMANI’s recent PRs or website, it did show up in an old SEC filing. ADOMANI had [filed](#) an S-1 back in 2014 and had a section discussing EDI where it said:

“ADOMANI will be licensing and purchasing EDI’s technology and ADOMANI will be a manufacturing and marketing arm for EDI.”

Further, EDI CEO, Joerg Ferchau, is listed as an advisor to ADOMANI in the 2014 S-1 and like the other advisors, was granted an option to acquire from 100k-250k ADOM common stock at 10 cents per share. With a value at current prices of over \$1M, we doubt Joerg is going to be in too much of a hurry to correct ADOMANI’s PRs. At least until he can cash in those options.

An Avalanche Of Outstanding Shares, Options, And Warrants

Despite ADOMANI's lack of sales, it has an incredibly high valuation. On a fully diluted basis, it has 89.5 million shares outstanding. At the current market price that works out to a market valuation of around \$500M. Compare that valuation to the \$28 million market value of GreenPower (GPVRF) who is a partner of ADOMANI and actually has an electric powered bus. Greenkraft (GKIT) who is ADOMANI's partner in electric trucks has a market value of around \$11M. And Blue bird Corp, which has actual school bus sales of over \$900M per year but trades at a value of around \$450M. So tiny ADOMANI with no sales, has a market value far above its partners, who, unlike ADOMANI, do have actual products, technology, and substantial sales. How does the company do this? A big factor is its strict lockup period.

ADOMANI's Strict Lockup Period

Short selling outfit The Street Sweeper [published](#) an excellent interview with ADOMANI's CFO, Mr. Menerey. Mr. Menerey is reported to have said:

“Boustead Securities, rightly so, insisted on lockups for all the existing shareholders and the option holders and warrant holders, et cetera. There were a few people released from their lockups. But we still have, I believe it's in excess of 95, 96 percent of the entire pre-IPO group of shareholders that are locked up for a minimum of six months and more likely for closer to a year.”

Based on what Mr. Menerey has said in this interview, it will be a few more months before the stock gets crushed from what appears to be an inevitable tsunami of selling from insiders. But Boustead Securities shares are not under the same lockup period length.

From the latest [10-Q](#) it says on page 22:

“On May 12, 2017, the Company issued a warrant to purchase 199,659 shares of Common Stock, subject to stock splits or other similar changes in our capital structure, to Boustead Securities, LLC for services rendered in connection with the closing of our IPO. The warrant has an exercise price of \$6.00 per share, becomes exercisable on October 22, 2017, and expires on April 25, 2022.”

We find from the info in the 10-Q that this date, October 22, will be the first date that a large chunk of ADOM warrants will be able to be exercised. As long as the stock is above \$6 per share by then, we can assume that Boustead Securities will exercise their warrants and sell their roughly 200k shares of stock on the open market.

Further on the same page it says the company issued a warrant to purchase 350,000 shares at \$5 per share to Redwood Group International. These shares become exercisable on December 16, 2017. That's 180 days after the June 15th IPO date.

The following is the lockup agreement as shown in the [Form 1-A/A:](#)

Lock-Up Agreement

365 day lockup for Officers, Directors and Affiliates. 180 day lockup for Investors; followed by 185 day leak out period.

According to the filing, the post-IPO officers have around 19.5M shares and 16.6M exercisable options. So of the 89.5M fully diluted shares, at least 36.5M are locked up for one year. That leaves 53M shares. Subtract 2.5M that were sold in the IPO, and that leaves about 50M shares that could start hitting the market on December 16th.

The following are the outstanding options to purchase common stock. On [page 17](#) of the Q217 10-Q it says:

“As of June 30, 2017, we had granted options to purchase 30,375,000 shares of Common Stock. 21,218,612 shares of Common Stock are issuable upon the exercise of options vested as of June 30, 2017, at an exercise price of \$0.10 per share“

It states above that about 21 million shares of common stock will be issuable under the exercising of the options at a price of \$0.10 per share. That's some heavy dilution, and the company will only receive about \$2M cash from the warrants. To put that amount of shares into perspective, 21 million is almost 10 times that amount of shares that were issued at the IPO, at an only \$0.10 per share conversion price.

Conclusion

ADOM was founded by individuals with questionable background and is benefiting from being a thinly traded stock in an industry with a lot of hype. But

the reality is they have a long history of business failure and no significant technology. They have supported the stock price with a series of misleading press releases, fantastic sales projections, and lock up provisions that restrict supply. In a few months they will be forced to disclose financials showing they are nowhere close to meeting their projections and a substantial amount of shares will be freed up from shareholders who are motivated to sell. The current trading volume of the stock has no chance of being able to absorb the coming supply.