



Ontario
Securities
Commission

Commission des
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**IN THE MATTER OF
RAYMOND POMROY**

STATEMENT OF ALLEGATIONS
(Subsection 127(1) and Section 127.1
of the *Securities Act*, RSO 1990, c S.5)

A. OVERVIEW

1. Shortly after becoming a reporting issuer, SoLVBL Solutions Inc. (**SoLVBL**) published false and misleading information in news releases regarding a deal to license its technology for use in producing non-fungible tokens (**NFTs**) with a company called “New Foundation” (the **NFT Deal**). These statements generated positive news for the company in advance of private placements that raised \$4 million from investors.
2. Other than signing the agreement, no work was ever done on the NFT Deal. Instead, funds from the private placement were used, among other things, to repay debts owed to insiders and shareholders including unpaid salary owed to Pomroy.
3. Public companies that issue false and misleading news releases regarding new business activity, particularly when dealing with popular trends such as NFTs, deprive investors of the ability to make informed investment decisions and result in harm or a risk of harm. It is vital that investors receive complete, factual and accurate information, especially in emerging sectors. Public companies in these sectors that promote and exaggerate their business in aspirational news releases may materially mislead investors.
4. In addition, officers, directors and legal counsel of public companies have important roles in ensuring the public is provided with accurate information. When those with responsibility fail to ensure that public statements to investors are true and not misleading, their conduct undermines confidence in Ontario’s capital markets.

B. FACTS

Staff of the Enforcement Branch of the Ontario Securities Commission (**Enforcement Staff**) makes the following allegations of fact:

(i) SoLVBL's Business and Technology

5. SoLVBL, a reporting issuer in Ontario, is a technology company pursuing the development of its technology platform "Q by SoLVBL," which is intended to provide high speed data authentication.

6. SoLVBL was created on February 10, 2021 as the result of a reverse takeover between Stowe One Investments Corp. and Agile Blockchain Corp. (**Agile**). Upon the amalgamation, SoLVBL carried on the business of Agile. SoLVBL shares trade on the Canadian Securities Exchange (**CSE**) since February 24, 2021, and on the United States over-the-counter (**OTC**) Pink Sheets since December 22, 2021.

7. Starting in September 2019, Raymond Pomroy (**Pomroy**) served as the Chief Executive Officer (**CEO**) of SoLVBL and its predecessor, Agile. On November 19, 2021, Pomroy resigned his position and left the company. While he was the CEO of SoLVBL, Pomroy was responsible for reviewing and approving SoLVBL's public disclosure.

8. Ahmed Kaiser Akbar (**Akbar**) was one of the founders of and initial investors in Agile. During the period from April to July 2021, Akbar was acting as a consultant and served as legal counsel for SoLVBL and, along with his spouse, owned over 10% of the shares of SoLVBL. As of 2021, Akbar had approximately 22 years of experience as a corporate and securities lawyer. When Pomroy resigned on November 19, 2021, Akbar assumed the position of interim CEO and held that position until February 23, 2023. From the inception of SoLVBL in February 2021 until his departure in 2023, Akbar had an active role in the company and drafted certain public disclosure documents for SoLVBL including news releases.

(ii) Planned Private Placement and the NFT Deal

9. SoLVBL began trading on the CSE as a publicly listed company on February 24, 2021 with an initial closing price of \$0.60 per share on February 24, 2021. The SoLVBL share price significantly declined in the following months.

10. On April 23, 2021, SoLVBL signed a private placement financing proposal with broker Research Capital Corporation (**Research Capital**) at an indicative price of \$0.15 per unit (which would include one SoLVBL share and one warrant at an indicative exercise price of \$0.20). The agreement noted that the price would be reconfirmed prior to the launch of the private placements.

11. SoLVBL had an incentive to keep the price of its shares as high as possible in advance of the private placements in order to raise more funds and minimize the dilution of shares, which would affect existing major shareholders such as Akbar. At this time, SoLVBL was funding its operations primarily through loans from Akbar (or his spouse) and two other SoLVBL shareholders, Gad Caro (**Caro**) and Rahim Allani (**Allani**).

12. Four days after the agreement with Research Capital, on April 27, 2021, Akbar incorporated New Foundation Technologies Corp. (**New Foundation**) in Ontario with himself as the sole officer and director. New Foundation's registered head office was 15 Toronto Street, Unit 602 in Toronto, Ontario, the same registered head office location as SoLVBL at that time. Around this time, Akbar also opened a bank account for New Foundation with himself as the sole owner, director and signing officer.

13. An Intellectual Property Licensing Agreement was entered into between SoLVBL and New Foundation with an effective date of April 29, 2021 (the **Licensing Agreement**). The Licensing Agreement granted New Foundation an exclusive, worldwide license to use SoLVBL's "Q by SoLVBL" intellectual property for the creation of NFTs. SoLVBL agreed to work with New Foundation to assist it in developing NFT products with this technology.

14. As part of the Licensing Agreement, New Foundation agreed to pay a one-time \$120,000 licensing fee to SoLVBL. On May 5 and May 14, 2021, a total of \$75,000 was sent to SoLVBL's bank account by the New Foundation account created by Akbar. On May 28, 2021, a further \$45,000 was sent directly from Akbar's spouse, Allani's company, and Caro.

(iii) Announcement of the NFT Deal

15. In May and June 2021, SoLVBL issued two news releases regarding the NFT Deal that contained false information and misleading information (the **News Releases**).

May News Release

16. On May 13, 2021, SoLVBL announced in a news release (the **May News Release**) that:
 - (a) SoLVBL “is pleased to announce that it has won the proposal for a [NFT] product and the associated licensing of Q by SoLVBL™ to an international private company.”
 - (b) “SoLVBL’s winning proposal complied with the technical specifications set out in the request for proposal (**RFP**) by the private company. SoLVBL also complied with all legal and administrative requirements set out in the RFP. The private company has decided that SoLVBL has the required technical experience to provide the technology solutions it needs for its product offerings.”
 - (c) Without naming the company, the news release stated that: “In the next few days, the corresponding contract will be signed between the private company and SoLVBL so that the work can start as soon as possible. Terms and compensation of the agreement are being finalized and will be announced shortly.”
 - (d) Pomroy, as CEO for SoLVBL, stated: “As one of our very first revenue generating customers, we are excited to be working with this group of technology entrepreneurs and we believe that this relationship will bring tremendous value to the Company and our stakeholders. In addition, this does not take away from our core business and offerings, it offers us a new revenue stream.”
17. The May News Release was drafted by Akbar and was reviewed and approved by Pomroy. Pomroy relied on Akbar, SoLVBL’s legal counsel, for the information provided regarding New Foundation but did nothing to verify that information.
18. Certain statements made in the May News Release were false and/or misleading:
 - (a) There was no international private company. The counterparty to the NFT Deal was the Ontario company New Foundation, which Akbar incorporated on April 27, 2021. The other two individuals involved in New Foundation, Caro and Allani, were SoLVBL shareholders and were providing loans to SoLVBL.

- (b) The Licensing Agreement was effective as of April 29, 2021, prior to the May News Release. Payments were being made pursuant to the Licensing Agreement prior to the May News Release.
- (c) SoLVBL had no evidence, other than statements by Akbar, that New Foundation carried out an RFP. SoLVBL had no RFP document that set out technical specifications or legal and administrative requirements and did not provide a written response to the RFP. SoLVBL had no evidence, other than statements by Akbar, that New Foundation approached any company other than SoLVBL for this alleged RFP. Instead, the negotiation of the NFT Deal was through verbal conversations primarily between Pomroy and Akbar.

June News Release

19. On June 3, 2021, SoLVBL announced in a news release (the **June News Release**) that:

- (a) SoLVBL agreed to the terms of a technology licensing and software development agreement with New Foundation for the licensing of SoLVBL's proprietary software for the purpose of creating NFTs.
- (b) "This is the first revenue generating agreement for SoLVBL, with work slated to commence with New Foundation later this year. To ensure that New Foundation secured this deal with SoLVBL, it has advanced a six-figure payment to SoLVBL."
- (c) Pomroy stated that: "We are pleased that New Foundation has chosen to license Q by SoLVBL, our flagship product, for its NFT products and has entrusted our Company to develop its NFT products."
- (d) The news release quotes Vicky Arora as the Director of Licensing of New Foundation as saying: "... Not only does technology licensing support our growth plans, but it allows our customers in the U.S., Europe and our new Asian markets, the opportunity to produce NFT products supported by this technology. One of the big reasons we chose Q by SoLVBL during the RFP process was that it has the ability to create immutable and verifiable elements of NFTs, at incredible speeds and scalability and can be viewed as a powerful tool for items such as NFTs so as to provide them to the market confidently, effectively and efficiently."

- (e) The news release described New Foundation as “a USA based technology investment company with offices in Los Angeles, USA and its European office in London, U.K. New Foundation’s mission-driven teams are dedicated to creating non-fungible tokens (NFT) for arts, digital arts, gaming, real estate, sports, fashion, and media & entertainment. Through its global partnerships, the company works across various geographic and cultural sectors.

For more information, please visit nftech.info.”

20. The June News Release was drafted by Akbar and was reviewed and approved by Pomroy. Pomroy relied on Akbar, SoLVBL’s legal counsel, for the information provided regarding New Foundation but did nothing to verify that information.

21. Certain statements made in the June News Release were false and/or misleading:

- (a) New Foundation was not a “USA based technology investment company,” nor did it have any office in London or Los Angeles. New Foundation was a recently created Ontario company whose registered head office was the same location as the head office for SoLVBL.
- (b) SoLVBL had no evidence, aside from statements, by Akbar that Vicky Arora was the Director of Licensing of New Foundation at the time of this June News Release. Pomroy did not verify the alleged quote by Mr. Arora nor his position with New Foundation.
- (c) SoLVBL had no evidence, aside from statements by Akbar, for the statement that New Foundation had customers in the U.S., Europe and Asia. SoLVBL had no evidence, aside from statements by Akbar, that New Foundation had any “mission driven teams” or “global partnerships” or did “work across various geographic and cultural sectors.” SoLVBL had no evidence, aside from statements by Akbar, that New Foundation had ever done any business or had any customers.
- (d) The New Foundation website linked in the news release was only set up on May 12, 2021, the day before the May News Release announcing the NFT Deal. The website contained similar false and/or misleading statements about New Foundation. The website was taken down in May 2022.

Effect of the News Releases

22. The News Releases created the misleading impression that SoLVBL was entering into a deal with an established international company, with multiple offices, previous business activity and established customers.

23. The News Releases created a misleading impression of the so-called RFP process, suggesting that there was a competitive proposal submitted by SoLVBL prepared in order to win this contract.

24. The News Releases did not disclose the relationship between SoLVBL and New Foundation and important facts about the NFT Deal. For example:

- (a) Akbar, who was engaged as a consultant by SoLVBL and was a significant shareholder and founder of the company, incorporated New Foundation shortly before the May News Release and was the sole listed director and officer of New Foundation;
- (b) SoLVBL and New Foundation shared an office; and
- (c) All of New Foundation's investors were shareholders of SoLVBL, were funding SoLVBL's operations with loans to the company and had an interest in SoLVBL successfully raising capital in the upcoming private placements.

Statements in Other Public Filings

25. SoLVBL's Management Discussion & Analyses (**MD&As**) from May 31, 2021 to May 1, 2022 contain the following statement regarding the NFT Deal and repeated some of the same false and/or misleading statements regarding New Foundation and the NFT Deal:

“On May 13, 2021, [SoLVBL] announced that it won a request for proposal (RFP) from an international private company to develop a non-fungible tokenization product and the associated licensing of Q by SoLVBL. [SoLVBL] also announced that it is currently negotiating the terms of the contract with the private company.”

26. The MD&As during this period were primarily drafted by Akbar for SoLVBL.

(iv) SoLVBL Raises \$4 Million in Private Placements

27. Following the announcement of the NFT Deal in the News Releases, SoLVBL finalized the terms of two private placements with Research Capital to take place in July 2021 (the **Private Placements**). The term sheet for the Private Placements was adjusted to reflect the decline in SoLVBL's share price.

28. On July 23, 2021, SoLVBL announced that it had raised \$3 million in a private placement at \$0.06 per unit (which included one SoLVBL share and one warrant with an exercise price at \$0.12).

29. Following the July 23, 2021 private placement, SoLVBL paid off significant amounts of debt owed to certain shareholders and insiders of the company, including debt owed to Akbar as the result of loans made to SoLVBL and unpaid salary owed to Pomroy. At this time, SoLVBL also began paying Akbar a regular consultant fee and paid for his business expenses.

30. On July 30, 2021, SoLVBL announced that it had raised an additional \$1 million in a private placement at \$0.075 per unit (which included one SoLVBL share and one warrant with an exercise price at \$0.12).

(v) No Work Done on NFT Deal

31. Other than signing the Licensing Agreement that granted the exclusive license rights, no work was done on the NFT Deal. New Foundation did not develop any NFTs. The New Foundation website was taken down in May 2022 and the company does not appear to have conducted any business outside of the signing of the Licensing Agreement.

(vi) Statements Reasonably Expected to Have Significant Effect Market Price or Value

32. As set out above, SoLVBL shares were listed on the CSE on February 24, 2021 at a publicly listed closing price of \$0.60 per share. The market price of SoLVBL shares significantly declined in the months that followed. Since SoLVBL signed the financing proposal with Research Capital on April 23, 2021 at an indicative price of \$0.15 per unit, the company had an incentive to either raise the price or keep the price stable until the close of the Private Placements.

33. Although the Licensing Agreement provided that it was effective on April 29, 2021, the Respondents issued two separate news releases in May and June prior to the Private Placements in July 2021. There was a spike in the volume of trading of the SoLVBL stock on the days following both of the News Releases.

34. In the May Press Release, SoLVBL described the NFT Deal as “our very first revenue generating customers” and that it believed this would “bring tremendous value to the Company and our stakeholders.” The June News Release contains a quote from Pomroy that “this new segment that we have not looked [into], demonstrates to us, and to the larger entities we are currently speaking with, that this technology is a potential game changer and now verified by an external company and now a client.”

35. The June News Release also announced that the NFT Deal came with “an advance six figure payment from New Foundation.” Prior to the NFT Deal, the company only had approximately \$10,000 in revenue from a consulting contract and had never licensed its proprietary technology.

36. According to SoLVBL, the NFT Deal was the first revenue generating agreement for the company and the first licensing of its flagship product, Q by SoLVBL.

37. On the date of the June News Release, SoLVBL filed a form with the CSE where it described the NFT Deal as follows:

“Since the Issuer’s listing on the CSE, the agreement between the Issuer and New Foundation is the first revenue generating. The Issuer believes that the news related to the licensing of Q by SoLVBL for NFT products and the associated technical work will create substantial interest in the Issuer and its product.”

38. In addition, following the publication of the June News Release, Akbar sent the June News Release to Research Capital and, in the same email, asked for an update on the timing of the Private Placements as “we have investors committed to the private placement and have been asking us about the timing of the placement.”

C. BREACHES OF ONTARIO SECURITIES LAW

39. Enforcement Staff alleges the following breaches of Ontario securities law and conduct contrary to the public interest:

- (a) Pomroy and made and caused SoLVBL to make statements that he knew or reasonably ought to have known or reasonably ought to have known, in a material respect and at the time and in the light of the circumstances under which they were made, were misleading or untrue or did not state a fact that is required to be stated or that is necessary to make the statements not misleading, contrary to subsection 126.2(1) of the *Securities Act*, RSO 1990, c S.5 (the **Act**). These statements would reasonably be expected to have a significant effect on the market price or value of SoLVBL's securities.

D. ORDERS SOUGHT

40. Enforcement Staff requests that the Capital Markets Tribunal (the **Tribunal**) make an order pursuant to subsection 127(1) and section 127.1 of the Act to approve the settlement agreement entered into by Pomroy with respect to the matters set out herein.

DATED this 28th day of February, 2024.

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