



Ontario
Securities
Commission

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de l'Ontario

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ONTARIO SECURITIES COMMISSION

Applicant

- and -

AHMED KAISER AKBAR

Respondent

APPLICATION FOR ENFORCEMENT PROCEEDING

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

A. OVERVIEW

1. This matter concerns false and misleading statements made by the respondent in corporate press releases and regulatory filings that would reasonably be expected to have a significant effect on the market price or value of the company's securities and caused harm or a risk of harm to investors.
2. 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.
3. 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 such as Ahmed Kaiser Akbar (**Akbar**). The NFT Deal was abandoned and SoLVBL did not correct or update information contained in its news releases and other public filings regarding the status of the NFT Deal, even after Akbar became the Chief Executive Officer of SoLVBL.
4. 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. Individuals who draft false and misleading statements for public company disclosure may materially mislead investors and commit fraud.

5. 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. GROUNDS

The Ontario Securities Commission (the **Commission**) makes the following allegations of fact:

(i) SoLVBL's Business and Technology

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

7. 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 traded 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.

8. On December 5, 2023, the Commission issued a failure to file cease trade order for SoLVBL's shares. The following day, the Canadian Investment Regulatory Organization imposed a suspension of trading on SoLVBL's shares. SoLVBL filed an assignment in bankruptcy on December 21, 2023 under the *Bankruptcy and Insolvency Act*, RSC 1985, c. B-3.

9. Akbar was one of the founders of and initial investors in Agile. During the period from April to July 2021, Akbar acted 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.

10. 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 and Akbar assumed the position of interim CEO. Akbar remained CEO of SoLVBL 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

11. 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.

12. 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.

13. 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**).

14. 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.

15. An Intellectual Property Licensing Agreement was entered into between SoLVBL and New Foundation with an effective date of April 29, 2021 (the **Licensing Agreement**). It does not appear that the Licensing Agreement was signed by both parties until April 2022. 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.

16. 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

17. 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

18. 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.”

19. 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.

20. 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) There is no evidence 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. There is no evidence 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

21. 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.”

22. 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.

23. 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) There is no evidence that Vicky Arora was the Director of Licensing of New Foundation at the time of this June News Release.

- (c) There is no evidence for the statement that New Foundation had customers in the U.S., Europe and Asia. There is no evidence that New Foundation had any “mission driven teams” or “global partnerships” or did “work across various geographic and cultural sectors.” There is no evidence 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

24. 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.

25. 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.

26. 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

27. 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.”

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

29. In addition, SoLVBL's financial statements starting in the second quarter 2021 show the \$120,000 payment from the NFT Deal as deferred revenue. This categorization was never updated or reclassified to reflect that the NFT Deal was no longer being pursued, even after Akbar became the Chief Executive Officer of SoLVBL and the New Foundation website was taken down in May 2022. The financial statements from Q3 2021 onwards were certified by Akbar until he stepped down in February 2023.

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

30. 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.

31. 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).

32. Following the July 23, 2021 private placement, SoLVBL paid off significant amounts of debt owed to shareholders and insiders of the company, including debt owed to Akbar and his spouse. At this time, SoLVBL also began paying Akbar a regular consultant fee and paid for his business expenses.

33. 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

34. 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.

35. The information contained in the June News Release stating that the work on the NFT Deal would “commence with New Foundation later this year [2021]” was never updated by SoLVBL in a news release, MD&A or any other of SoLVBL’s public filings. The statements in the MD&A were never updated or corrected and the deferred revenue for the NFT Deal was never updated to reflect that NFT Deal was not going to be performed and that New Foundation was no longer pursuing this business.

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

36. 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.

37. Although the Licensing Agreement provided that it was effective on April 29, 2021, SoLVBL 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.

38. 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.”

39. 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.

40. 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.

41. 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.”

42. 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.”

(vii) Fraud

43. The false and misleading statements made in the News Releases and other public filings regarding the NFT Deal, as well as the non-disclosure of important information regarding the NFT Deal, constituted deceit, falsehood or other fraudulent means. In drafting the News Releases and other public disclosure, Akbar knew or reasonably ought to have known that the statements were false and misleading and did not disclose important information regarding the NFT Deal.

44. By disclosing false and misleading information about the NFT Deal, Akbar caused deprivation or a risk of deprivation to investors, including investors in the Private Placements

and investors on the secondary market. Akbar knew or reasonably ought to have known that deprivation or a risk of deprivation to investors was a consequence of his conduct.

C. BREACHES OF ONTARIO SECURITIES LAW AND OTHER BASES FOR THE ORDER SOUGHT

45. The Commission alleges the following breaches of Ontario securities law and/or other reasons it would be in the public interest to grant the order sought:

- (a) Akbar engaged or participated in acts, practices, or a course of conduct relating to securities that he knew or reasonably ought to have known perpetrated a fraud on persons or companies, contrary to subsection 126.1(1)(b) of the *Securities Act*, RSO 1990, c S.5 (the **Act**); and
- (b) Akbar made statements that he knew 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 **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

46. The Commission requests that the Capital Markets Tribunal (the **Tribunal**) make the following orders against Akbar:

- (a) that he cease trading in any securities or derivatives permanently or for such period as is specified by the Tribunal, pursuant to paragraph 2 of subsection 127(1) of the **Act**;
- (b) that he be prohibited from acquiring any securities permanently or for such period as is specified by the Tribunal, pursuant to paragraph 2.1 of subsection 127(1) of the **Act**;
- (c) that any exemption contained in Ontario securities law not apply to him permanently or for such period as is specified by the Tribunal, pursuant to paragraph 3 of subsection 127(1) of the **Act**;
- (d) that he be reprimanded, pursuant to paragraph 6 of subsection 127(1) of the **Act**;

- (e) that he resign any position he may hold as a director or officer of any issuer, pursuant to paragraph 7 of subsection 127(1) of the Act;
- (f) that he be prohibited from becoming or acting as a director or officer of any issuer permanently or for such period as is specified by the Tribunal, pursuant to paragraph 8 of subsection 127(1) of the Act;
- (g) that he resign any position he may hold as a director or officer of any registrant, pursuant to paragraph 8.1 of subsection 127(1) of the Act;
- (h) that he be prohibited from becoming or acting as a director or officer of any registrant permanently or for such period as is specified by the Tribunal, pursuant to paragraph 8.2 of subsection 127(1) of the Act;
- (i) that he be prohibited from becoming or acting as a registrant or promoter permanently or for such period as is specified by the Tribunal, pursuant to paragraph 8.5 of subsection 127(1) of the Act;
- (j) that he pay an administrative penalty of not more than \$1 million for each failure to comply with Ontario securities law, pursuant to paragraph 9 of subsection 127(1) of the Act;
- (k) that he disgorge any amounts obtained as a result of non-compliance with Ontario securities law, pursuant to paragraph 10 of subsection 127(1) of the Act;
- (l) that he pay costs of the investigation and the hearing, pursuant to section 127.1 of the Act; and
- (m) such other order as the Tribunal considers appropriate in the public interest.

DATED this 13th day of May, 2024.

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