Translated from the original French

|  |  |  |  |
| --- | --- | --- | --- |
| Autorité des marchés financiers c. Mavielab ltd | | 2024 QCTMF 70 | |
| FINANCIAL MARKETS ADMINISTRATIVE TRIBUNAL | | | |
|  | | | |
| CANADA | | | |
| PROVINCE OF QUEBEC | | | |
| MONTREAL | | | |
|  | | | |
| FILE No.: | 2024-013 | | |
|  | | | |
| DECISION No.: | 2024-013-002 | | |
|  | | | |
| DATE: | October 23, 2024 | | |
|  | | | |
|  | | | |
| BEFORE THE ADMINISTRATIVE JUDGE: | | | JEAN-PIERRE CRISTEL | |
|  | | | |
|  | | | |
| AUTORITÉ DES MARCHÉS FINANCIERS | | | |
| Applicant | | | |
| v. | | | |
| **MAVIELAB LTD.**, a corporation domiciled at First Floor, Mandar House, Johnson's Ghut, Road Town, Tortola, British Virgin Islands, P.O. Box 3257  and  **ULTRON TECHNOLOGIES INCORPORATED**, a corporation domiciled at 210 2nd Floor, Building 4 Gold and Diamond Park, Cheikh Zayed Road, Dubai, United Arab Emirates, P.O. Box 183827  and  **FLIPME**, address unknown  and  **LOTTODAY**, address unknown  and  **NICK LEMAY**  and  **STÉPHANE PLANTE**  and  **NATHALIE MERCIER** | | | |
| Respondents | | | |
|  | | | |
|  | | | |
| DECISION | | | |
|  | | | |
|  | | | |

**OVERVIEW**

1. The Autorité des marchés financiers (the “Authority”) is the body responsible for enforcing the *Securities Act*.[[1]](#footnote-1) It exercises the functions set out in that *Act* in accordance with section 7 of the *Act respecting the regulation of the financial sector*.[[2]](#footnote-2)
2. The respondent MAVIELAB LTD. is a legal person incorporated in the British Virgin Islands.[[3]](#footnote-3) It owns the mavie.global website, which was accessible in Quebec during the period of the alleged facts.[[4]](#footnote-4) Michal Prazenica is alleged to be the president of the respondent MAVIELAB LTD.[[5]](#footnote-5)
3. The respondent Ultron Technologies Incorporated is a legal person incorporated in Dubai, United Arab Emirates.[[6]](#footnote-6) It also carries on business under the name of Ultron Foundation and, at the time of the facts alleged in this case, was a business partner of the respondent MAVIELAB LTD.[[7]](#footnote-7) It owns the ultron.foundation website, which was accessible in Quebec during the period of the alleged facts.[[8]](#footnote-8)
4. At the time of the facts alleged in this case, the respondent FlipMe was a business partner of the respondent MAVIELAB LTD.[[9]](#footnote-9) It owns the flip-me.com website, which was accessible in Quebec during the period of the alleged facts.[[10]](#footnote-10) FlipMe is alleged to be a platform to exchange cryptocurrencies and currencies available through the traditional banking system. It can also allegedly be used to transfer funds, make payments, make purchases and exchanges using cryptocurrency, and access virtual and physical credit cards.[[11]](#footnote-11)
5. At the time of the facts alleged in this case, the respondent Lottoday was a business partner of the respondent MAVIELAB LTD.[[12]](#footnote-12) It owns the lottoday.io website, which was accessible in Quebec during the period of the alleged facts. Lottoday is alleged to be a decentralized gaming platform.
6. The respondent Nick Lemay is a resident of Quebec.[[13]](#footnote-13) He allegedly holds himself out to the public as a “network marketer” on behalf of the respondent MAVIELAB LTD.[[14]](#footnote-14)
7. The respondent Stéphane Plante is a resident of Quebec.[[15]](#footnote-15) He allegedly holds himself out to the public as a “network marketer” on behalf of the respondent MAVIELAB LTD.[[16]](#footnote-16)
8. The respondent Nathalie Mercier is a resident of Quebec.[[17]](#footnote-17) She allegedly holds herself out to the public as a “network marketer” on behalf of the respondent MAVIELAB LTD.[[18]](#footnote-18)
9. On May 15, 2024, as part of an ongoing investigation, the Authority filed an urgent application for an *ex parte* hearing before the Financial Markets Administrative Tribunal (the “Tribunal”) to obtain various orders against the respondents.
10. On May 21, 2024, given that urgent action was required and to prevent irreparable injury, the Tribunal rendered an *ex parte* decision in which it issued, in the public interest, a series of preventive, protective, and conservatory orders against the respondents.
11. These orders were issued pursuant to sections 93, 94, 97 (subparagraphs (3) and (7) of the second paragraph), 115.1, and 115.15.3 of the *Act respecting the regulation of the financial sector*, sections 264, 265, and 266 of the *Securities Act*, and section 14 of the *Rules of evidence and procedure of the Financial Markets Administrative Tribunal*.
12. Following that decision, the respondents filed a notice of contestation in accordance with the third paragraph of section 115.1 of the *Act respecting the regulation of the financial sector*.
13. Therefore, on October 7 and 9, 2024, the Tribunal held a *de novo* hearing in this case.
14. A *de novo* hearing is a hearing where every party has an opportunity to hear the Authority’s case for the first time, to contest it, and to adduce any evidence or argument against it, in order to inform the Tribunal of all the facts so that it may consider whether the orders it previously issued *ex parte* – in the public interest – are still justified.[[19]](#footnote-19)
15. The Tribunal recalls that there is no need, at the stage of preventive, protective, or conservatory measures, to definitively conclude whether the respondents committed breaches or acts contrary to the public interest or to determine whether defences to these breaches and acts are admissible.[[20]](#footnote-20)
16. Considering the nature of the orders sought and the fact that the Authority’s investigation is still ongoing, the Tribunal must instead determine during the contestation whether there are any apparent breaches of the law – or apparent acts contrary to the public interest – that require its intervention to confirm, quash, or vary the orders it previously issued to protect the public interest.
17. Moreover, if there are other proceedings, be they administrative or judicial, it will be up to the judge on the merits to analyze all the evidence adduced and draw the appropriate conclusions.
18. To conduct its analysis and rule on the issues raised, the Tribunal answered the two following questions:
19. Does the evidence presented to the Tribunal by the parties establish that the respondents committed apparent breaches of the *Securities Act* or apparent acts contrary to the public interest?
20. If so, do these apparent breaches and acts justify, in the public interest, confirming, varying, or quashing the preventive, protective, and conservatory orders issued by the Tribunal in its decision of May 21, 2024?
21. After analysis, the Tribunal answered the first question in the affirmative by concluding that there is evidence on a balance of probabilities of several serious apparent breaches by the respondents of sections 11 and 148 of the *Securities Act* and of *Regulation 31-103 respecting Registration Requirements, Exemptions and Ongoing Registrant Obligations* by acting as securities advisers and dealers and by distributing forms of investment included under section 1 of the *Securities Act* to the investing public – in this case, investment contracts relating to three matters in the area of cryptocurrency – and by offering attractive returns, the whole without being registered with the regulator or having a prospectus for which a receipt was issued by the Authority or an appropriate exemption to do so.
22. The Tribunal therefore concludes that confirming all the protective, preventive, and conservatory orders issued in its decision of May 21, 2024, is justified in the public interest.

**ANALYSIS**

**Question 1: Does the evidence presented to the Tribunal by the parties establish that the respondents committed apparent breaches of the *Securities Act* or apparent acts contrary to the public interest?**

1. In the Tribunal’s view, the evidence establishes on a balance of probabilities that the respondents committed several serious apparent breaches of sections 11 and 148 of the *Securities Act* and of *Regulation 31-103 respecting Registration Requirements, Exemptions and Ongoing Registrant Obligations* by acting as securities advisers and dealers and by distributing forms of investment included under section 1 of the *Securities Act* to the investing public – in this case, investment contracts relating to three matters in the area of cryptocurrency – and by offering attractive returns, the whole without being registered with the regulator or having a prospectus for which a receipt was issued by the Authority or an appropriate exemption to do so.
2. These apparent breaches were committed as part of an intensive solicitation of the investing public, primarily through websites and social media.
3. In this regard, the evidence adduced by the Authority establishes that – during the period of the alleged facts, that is, before the Tribunal’s decision of May 21, 2024 – the websites of the respondents Ultron Foundation[[21]](#footnote-21) (ultron.foundation), Lottoday (lottoday.io), and FlipMe (flip-me.com) were directly accessible through the respondent MAVIELAB LTD.’s website (mavie.global), such that potential users could access various investment opportunities offered by these respondents with a single click. Moreover, from the mavie.global website, potential investors could create an account and directly subscribe to the proposed investments and pay for them using USDT.[[22]](#footnote-22)
4. The Tribunal notes that the evidence adduced by the Authority indicates that the respondent MAVIELAB LTD. is a legal person incorporated in the British Virgin Islands,[[23]](#footnote-23) and that the respondent Ultron Technologies Incorporated is a legal person incorporated in Dubai, United Arab Emirates.[[24]](#footnote-24)
5. Consequently, during the period of the alleged facts, the funds transferred in the form of cryptocurrency,[[25]](#footnote-25) through the mavie.global and ultron.foundation websites, to the respondents by Quebec’s investing public were sent through websites owned and controlled by the respondents, who are legal persons incorporated in foreign jurisdictions that may be characterized as [translation] “tax havens”.
6. In the Tribunal’s view, this particular situation is likely to considerably complicate any future attempt by the regulator to recover and potentially redistribute to the wronged investors the money allegedly elicited from them by the respondents in connection with the illicit activities described above.
7. The evidence establishes that during the period of the alleged facts, the respondents Nick Lemay, Stéphane Plante, and Nathalie Mercier – who are Quebec residents – extensively used their respective Instagram and Facebook accounts[[26]](#footnote-26) to (i) hold themselves out to the public as “network marketers” for the respondent MAVIELAB LTD., (ii) post the abundant income this activity allegedly allowed them to amass, and (iii) intensively promote, to Quebec’s investing public, the investment contracts offered by the respondents MAVIELAB LTD., Ultron Technologies Limited, FlipMe, and Lottoday.
8. The respondents Nick Lemay and Stéphane Plante publicly stated that they each earned at least 120,000 USDT[[27]](#footnote-27) in commissions from their above-mentioned solicitation and distribution activities. The respondent Nathalie Mercier told an Authority investigator, during an undercover operation carried out as part of the investigation, [translation] “I made over $17,000 by promoting the company, and I don’t even do this full time”.
9. The Tribunal notes that the evidence gathered by the Authority during its investigation, which is still ongoing, reveals that during the period of the alleged facts, the respondents Nick Lemay, Stéphane Plante, and Nathalie Mercier had close to 15,000 followers on their social networks. At the time, these respondents organized virtual meetings each week during which they intensively solicited participants from the investing public. The evidence shows that they even organized a promotional conference on February 10, 2024, in a hall at Ruby Foo’s Hotel in Montreal, attended in person by around 100 people from several regions across Quebec.
10. Moreover, this evidence reveals that at the time the Authority filed the urgent application with the Tribunal to obtain the decision rendered on May 21, 2024, to halt the above-mentioned solicitation activities, the respondents were in the midst of organizing a major promotional activity in Quebec, scheduled for June 8 and 9, 2024, but which might have taken place earlier – during which they planned to have a target audience of approximately 1,000 Quebec residents attend in person for the purpose of soliciting and distributing to this group of potential investors investment contracts that could be purchased through the websites of the respondents MAVIELAB LTD., Ultron Technologies Limited, FlipMe, and Lottoday.
11. More specifically, the evidence presented to the Tribunal by the Authority establishes that during the period of the alleged facts:

* The respondent Ultron Technologies Limited offered the investing public, internationally and in particular in Quebec, subscriptions to investment contracts identified by the respondents as “Staking Hub NFT”, which were to be used to finance business activities, including a new blockchain called Ultron and a new cryptocurrency token called “ULX”. Seven types of “Staking Hub NFT”, with prices varying between 100 USDT and 30,000 USDT, were offered to the investing public. Potential subscribers of these investment contracts were offered a daily return paid in ULX. This return varied, depending in particular on the amount invested and the term of the investment but could reach, according to the respondents, nearly 311% after five years;[[28]](#footnote-28)
* The respondent Lottoday offered the investing public, internationally and in particular in Quebec, subscriptions to investment contracts identified by the respondents as “Gaming Hub NFT”, which were to be used to finance business activities, including a decentralized gaming platform selling online tickets for a multitude of games. Seven types of “Gaming Hub NFT”, with prices varying between 100 USDT and 30,000 USDT, were offered to the investing public. Holders of these investment contracts were entitled to a portion of the profits earned through the sale of tickets in this virtual casino. According to the respondents, the potential return varied between 0.70 USDT and 219 USDT a day, depending on the type of “Gaming Hub NFT” held and the number of tickets sold through the Lottoday platform. Moreover, two special editions of Gaming Hub NFT were still available to the investing public on February 19, 2024: (i) the “Mystic Lion” Gaming Hub NFT, for 50,000 USDT that, according to the respondents, could provide a return of 365.2 USDT a day, and (ii) the “Magic Unicorn” Gaming Hub NFT, for 100,000 USDT that, according to the respondents, could provide a return of 730.4 USDT a day;[[29]](#footnote-29)
* The respondent FlipMe offered the investing public, internationally and in particular in Quebec, subscriptions to investment contracts identified by the respondents as “Payment Hub NFT”, which were to be used to finance business activities, including the FlipMe application, a platform to exchange cryptocurrencies and currencies available through the traditional banking system. This platform could also be used to transfer funds, make payments and purchases, exchange cryptocurrency, and access virtual and physical credit cards. Seven types of “Trading Hub NFT”, with prices varying between 100 USDT and 30,000 USDT, were offered to the investing public. Holders of these investment contracts were entitled to a portion of the profits earned by the FlipMe payment platform. Moreover, two special editions of Gaming Hub NFT were still available to the investing public on March 19, 2024: (i) the “Dream Castle” Trading Hub NFT, for 50,000 USDT that, according to the respondents, could provide a profit up to nine times the initial investment, that is 450,000 USDT, and (ii) the “Paradise Island” Trading Hub NFT, for 100,000 USDT that, according to the respondents, could provide a profit up to ten times the initial investment, that is 1,00[0],000 USDT.[[30]](#footnote-30)

1. In addition to the above, the Tribunal accepts the following from the evidence gathered by the Authority during its investigation on the respondents’ solicitation of the investing public. This evidence was not contradicted by the respondents at the hearing of their contestation of the Tribunal’s decision of May 21, 2024:

* “One of the most noteworthy innovations of the Ultron project is the implementation of the first Staking Hub NFT ongoing sale to finance the resources needed to sustain the project for the long term”;[[31]](#footnote-31)
* “In practice, the Staking Hub NFT is a distribution unit that generates fixed passive digital rewards on a daily basis. The coins generated through these Hubs will be locked for a fixed period and gradually unlocked yearly to enable users to exchange the coins on a secondary market. … The base stake is released over 5 years from the Staking Hub NFT purchase date”;[[32]](#footnote-32)
* “It is the opportunity to be a part of the biggest Web3 gaming platform in the world, through the holding of Gaming Hub NFTs…”;[[33]](#footnote-33)
* “Increase your revenue potential with higher-valued Gaming Hub NFT”;[[34]](#footnote-34)
* “Be among the first Gaming Hub NFT owners on the planet.”;[[35]](#footnote-35)
* “GET UP TO 8X PAYOUT WITH GAMING HUB NFTS Daily Payouts on every ticket sold across all games on the platform.”;[[36]](#footnote-36)
* “GET UP TO 8X PAYOUT WITH PAYMENT HUB NFTS Payment Hub NFT owners will receive daily payouts from many revenue streams.”;[[37]](#footnote-37)
* [translation] “It’s a little like buying shares in the Lottoday casino. You’ll be a co-owner of this platform, and 20% of all revenues earned by the Lottoday platform will be equally redistributed among the individuals who purchased various NFTs”;[[38]](#footnote-38)
* [translation] “The larger your NFT, the more you’ll be able to multiply it before having to renew it”;[[39]](#footnote-39)
* [translation] “You renew, then you’re paid over and over again, thus a long-term investment, but one with short-term returns”;[[40]](#footnote-40)
* [translation] “a one-time purchase that will payout for the rest of your life”;[[41]](#footnote-41)
* [translation] “You’ll kick yourself. You’ll be telling yourself you should have invested 5,000 instead of 300”;[[42]](#footnote-42)
* [translation] “The quicker you buy, the quicker you’ll make money”.[[43]](#footnote-43)

1. The Tribunal recalls that section 5 of the *Securities Act* defines securities adviser and dealer as:

“adviser” means a person engaging in or holding themself out as engaging in the business of advising another with respect to investment in or the purchase or sale of securities, or the business of managing a securities portfolio;”

“dealer” means a person engaging in or holding themself out as engaging in the business of

(1) trading in securities as principal or agent;

(2) distributing a security for their own account or for another’s account; or

(3) any act, advertisement, solicitation, conduct or negotiation directly or indirectly in furtherance of an activity described in paragraph 1 or 2;

1. This same provision also defines “distribution” as follows:

“distribution” means

(1) the endeavour to obtain, or the obtaining, by an issuer, of subscribers or acquirers of his securities;

…

(7) the endeavour to obtain, or the obtaining, by an agent, of subscribers or purchasers of securities being distributed in accordance with subparagraphs 1 to 6;

1. Section 11 of the *Securities Act* states that every person intending to make a distribution of securities shall prepare a prospectus that shall be subject to a receipt issued by the Authority.
2. Section 148 of the *Securities Act* states that no person may engage in the above-mentioned business of dealer, adviser, or investment fund manager unless they are registered with the Authority.
3. The Tribunal notes that the *Securities Act* applies to all forms of investment described in its section 1 including, in subparagraph (7), an investment contract, which is defined as follows in the second paragraph of that provision:

An investment contract is a contract whereby a person, having been led to expect profits, undertakes to participate in the risk of a venture by a contribution of capital or loan, without having the required knowledge to carry on the venture or without obtaining the right to participate directly in decisions concerning the carrying on of the venture.

1. In the Tribunal’s view, in light of all the evidence adduced by the Authority, the amounts invested by the investing public with the respondents meet all the criteria of the above-mentioned definition of an investment contract, that is:

(1) a contract whereby a person;

(2) having been led to expect profits;

(3) undertakes to participate in the risk of a venture by a contribution of capital or loan;

(4) without having the required knowledge to carry on the venture; or

(5) without obtaining the right to participate directly in decisions concerning the carrying on of the venture.

1. Moreover, in the Tribunal’s view, it appears that the economic reality of the business proposed by the respondents confirms that the “Hubs NFT” issued by the respondents Ultron Technologies Limited, FlipMe, and Lottoday, are investment contracts and that those who purchase them do so primarily to make a profit. It is also possible that the potential investors sought to use, incidentally, the relative anonymity provided by an investment made using cryptocurrency, particularly for tax purposes.
2. Consequently, the Tribunal is of the view that the distributions offered by the respondents to Quebec’s investing public and to which many Quebec investors have allegedly already subscribed, in this case, are forms of investment that may be characterized as investment contracts within the meaning of the *Securities Act*.
3. The evidence also establishes, however, that the respondents never filed a report of exempt distribution or a prospectus or had a receipt for a prospectus or any exemption from making such a filing. The evidence also establishes that the respondents are not registered with the Authority to act as securities dealers or advisers.[[44]](#footnote-44)
4. The respondents presented no evidence to refute the facts raised by the Authority at the hearing during which the Tribunal heard their contestation of its decision rendered on May 21, 2024, in this case, nor any legal argument to rebut the conclusions of that decision, except to say that a disclaimer was usually made at the start of their conferences soliciting the investing public, in person or on video, and in the documentation posted at the time or otherwise available to the public.
5. The case law[[45]](#footnote-45) clearly establishes, however, that a simple disclaimer is not enough to relieve a person from the obligations set out in sections 11 and 148 of the *Securities Act*. In the Tribunal’s view, such a disclaimer is not enough to disregard the economic reality behind the respondents’ offer to the public.
6. In this regard, the Tribunal cites the following passage from *Dodsley*,[[46]](#footnote-46) rendered by the Ontario Securities Commission:

[13] It was also argued that the disclaimer contained in the material expressly advised clients that Dodsley's services are other than as an adviser. Again, we do not accept that position in that the material distributed by Dodsley and its contents are not consistent with the content of the disclaimer. Further, we are of the view that having regard to the purpose of section 25 of the Act, it would be inappropriate for one who acts in contravention of section 25 to seek to avoid the consequences thereof by some form of disclaimer. Section 25 has been enacted to protect investors and it would be contrary to that purpose to be able to avoid its requirements simply through a disclaimer. To give any credit to such a disclaimer, in the circumstances, is to avoid the very purpose for which section 25 of the Act was enacted.

1. The Tribunal therefore finds that the respondents committed serious apparent breaches of sections 11 and 148 of the *Securities Act* and *Regulation 31-103 respecting Registration Requirements, Exemptions and Ongoing Registrant Obligations*[[47]](#footnote-47) by soliciting – during the period of the alleged facts – the investing public and by distributing investment contracts, a form of investment covered by the *Act*, the whole without being properly registered with the Authority or having a prospectus for which a receipt was issued by the Authority or an appropriate exemption.
2. The Tribunal notes that the adviser and dealer registration system under the *Securities Act* is one of the main lines of defence implemented by the legislature to protect the public and ensure market integrity. This regulatory framework is primarily intended to ensure that financial intermediaries – which includes securities dealers and advisers – have at all times the required competence and integrity to offer quality services to the investing public while fully complying with the regulatory obligations implemented to ensure the integrity of the financial markets, the protection of investors, and the maintenance of public confidence in these markets.
3. The same is true for the disclosure system under the *Securities Act*, which allows the investing public to make informed investment decisions by consulting a prospectus, for which a receipt was issued by the Authority, and which contains the relevant financial information regarding a distribution.

**Question 2: If so, do these apparent breaches and acts justify, in the public interest, confirming, varying, or quashing the preventive, protective, and conservatory orders issued by the Tribunal in its decision of May 21, 2024?**

1. The Tribunal has decided – in the public interest – to confirm all the orders it issued in its decision of May 21, 2024, after concluding, following a *de novo* hearing, that the evidence on a balance of probabilities establishes that the respondents committed serious apparent breaches:

* of sections 11 and 148 of the *Securities Act* and of *Regulation 31-103 respecting Registration Requirements, Exemptions and Ongoing Registrant Obligations* by acting as securities advisers and dealers and by distributing forms of investment included under section 1 of the *Securities Act* to the investing public – in this case, investment contracts relating to three matters in the area of cryptocurrency – and by offering attractive returns, the whole without being registered with the regulator or having a prospectus for which a receipt was issued by the Authority or an appropriate exemption to do so.

1. The Tribunal notes that the Authority’s investigation of the respondents is still ongoing in this case and that the orders it issued – under sections 93, 94, 97 (subparagraphs (3) and (7) of the second paragraph), 115.1, and 115.15.3 of the *Act respecting the regulation of the financial sector* – are protective, preventive, and conservatory. The purpose of these orders is to protect the investing public, ensure the integrity of the securities markets, and maintain public confidence in these markets.
2. Given that the evidence presented by the Authority establishes that the respondents committed the numerous serious apparent breaches discussed above, the Tribunal has decided that it is in the public interest to confirm the prohibition orders it issued in its decision of May 21, 2024. Sections 265 and 266 of the *Securities Act* authorize the Tribunal to issue and confirm such orders in the public interest.
3. The Tribunal is also of the view that it is necessary, in the public interest, to continue to deny the respondents the benefit of an exemption under the *Securities Act* or the regulations, as authorized by section 264 of the *Securities Act*.
4. Furthermore, to prevent the respondents from reusing their websites to commit other apparent breaches of the *Securities Act* during the investigation, the Tribunal has decided that the orders to block these sites in Quebec should be confirmed. Sections 93, 94, and 97 (subparagraphs (3) and (7) of the second paragraph) of the *Act respecting the regulation of the financial sector* authorize the Tribunal to issue and confirm these orders in the public interest.
5. The same applies to the orders requiring the respondents Nick Lemay, Stéphane Plante, and Nathalie Mercier to remove every announcement, advertisement, or other publication disseminated, directly or indirectly, on the Internet or otherwise, in particular on YouTube, Facebook, Instagram, and Linktree, relating to any form of investment covered by the *Securities Act*, promoted and/or offered through MAVIELAB LTD.
6. Sections 93, 94, and 97 (subparagraphs (3) and (7) of the second paragraph) of the *Act respecting the regulation of the financial sector* also authorize the Tribunal to submit the respondent MAVIELAB LTD. to the obligation to notify Quebec users of the mavie.global website that they no longer have access to the website.
7. Last, under section 14 of the *Rules of evidence and procedure of the Financial Markets Administrative Tribunal*, the Tribunal may confirm the authorization granted to the Authority to notify by special method a decision of the Tribunal or any other pleading or document relevant to the respondents MAVIELAB LTD., Ultron Technologies Limited, FlipMe, and Lottoday.
8. The Tribunal recalls that the system of continuous disclosure and registration with the Authority set out in the *Securities Act* is one of the main lines of defence implemented by the legislature to protect the investing public.
9. Thus, distributions to the investing public of forms of investment governed by the *Securities Act* comprise fundamental obligations set out in the *Act*, including the obligation: (i) for the issuer to obtain a receipt issued by the Authority for the prospectus, (ii) to give the prospectus for which the receipt was issued by the Authority to investors at the time of the distribution so that they may make an informed decision on whether to invest, and (iii) for the person who seeks or finds a subscriber for the distribution to be registered with the Authority in a dealer category that guarantees that the person has the competence and integrity required to engage in that business in a manner that complies with the law.
10. The respondents argue that to date, no investor has filed a complaint with the Authority against the respondents in this case. In this regard, the Tribunal recalls that the Authority’s investigation in this matter is ongoing and that the Authority’s mission, as a market regulator, includes an essential preventive component.
11. Last, the respondents told the Tribunal that they communicated with the Authority shortly after the decision rendered on May 21, 2024, in this case to regularize their situation. A review of the documentation[[48]](#footnote-48) that they filed in evidence in support of this claim, however, instead shows a communication, dated August 16, 2024, and a form completed by 9507-2047 Québec inc., who is not a party to this case, concerning a financial product ([translation] “Super AI apps in BTC Trading”) that is completely unrelated to the breaches alleged against the respondents in this file.
12. The respondents’ numerous apparent serious breaches of the *Securities Act*, identified by the Tribunal following the *de novo* hearing, while the Authority’s investigation is ongoing, lead the Tribunal to be cautious in order to protect the investing public and maintain the crucial confidence the public must have in the integrity of the financial markets.
13. Therefore, after duly considering all the evidence adduced before it as well as the arguments and case law pleaded by the parties, the Tribunal concludes that it is in the public interest to confirm the decision it rendered on May 21, 2024.
14. The Tribunal recalls that, at the stage of preventive, protective, or conservatory measures, there is no need to definitively conclude whether the respondents have or have not committed breaches or acts contrary to the public interest. Should there be other proceedings related to this case, be they administrative or judicial, it will be up to the judge on the merits to analyze all the evidence adduced and draw the appropriate conclusions.

**FOR THESE REASONS,** the Financial Markets Administrative Tribunal, pursuant to sections 93, 94, 97 (subparagraphs (3) and (7) of the second paragraph), 115.1 and 115.15.3 of the *Act respecting the regulation of the financial sector* and sections 264, 265, and 266 of the *Securities Act*:

**CONFIRMS** the *ex parte* decision it rendered on May 21, 2024, bearing number 2024‑013-001.

|  |  |  |  |
| --- | --- | --- | --- |
|  | |  | |
|  | |  | |
|  | | **Jean-Pierre Cristel**  **Administrative Judge** |
|  | |  | |
|  | | | | | |
|  | | | | | |
| Mtre Hamza Abouabdelmajid  Enio Rushiti, articling student | | | | | |
| (Litigation Services, Autorité des marchés financiers) | | | | | |
| For the Autorité des marchés financiers  MtreG. Marc Henry  (Quessy Henry St-Hilaire)  For Mavielab LTD., Nick Lemay, Stéphane Plante, and Nathalie Mercier | | | | | |
|  | | | | | |
|  | | | | | |
| Dates of hearing: | | October 7 and 9, 2024 | | | |

1. CQLR, c. V-1.1. [↑](#footnote-ref-1)
2. CQLR, c. E-6.1. [↑](#footnote-ref-2)
3. Exhibit D-2. [↑](#footnote-ref-3)
4. Exhibit D-3. [↑](#footnote-ref-4)
5. Exhibit D-3. [↑](#footnote-ref-5)
6. Exhibit D-23. [↑](#footnote-ref-6)
7. Exhibit D-3. [↑](#footnote-ref-7)
8. Exhibit D-24. [↑](#footnote-ref-8)
9. Exhibit D-3. [↑](#footnote-ref-9)
10. Exhibit D-32. [↑](#footnote-ref-10)
11. Exhibit D-33. [↑](#footnote-ref-11)
12. Exhibit D-3. [↑](#footnote-ref-12)
13. Exhibit D-7. [↑](#footnote-ref-13)
14. Exhibit D-8. [↑](#footnote-ref-14)
15. Exhibit D-12. [↑](#footnote-ref-15)
16. Exhibit D-13. [↑](#footnote-ref-16)
17. Exhibit D-18. [↑](#footnote-ref-17)
18. Exhibit D-19. [↑](#footnote-ref-18)
19. *Autorité des marchés financiers* *c.* *Mignacca*, 2008 QCBDRVM 26 and *Autorité des marchés financiers* *c.* *Micro-Prêts inc.*, 2011 QCBDR 70. [↑](#footnote-ref-19)
20. *Autorité des marchés financiers c.* *Baazov*, 2017 QCTMF 103. [↑](#footnote-ref-20)
21. Exhibit D-3 (The respondent Ultron Technologies Incorporated carries on business in particular under the name of Ultron Foundation). [↑](#footnote-ref-21)
22. Exhibit D-3 (USDT, or US Dollar Tether, is a cryptocurrency whose value is basically equal to that of the US dollar). [↑](#footnote-ref-22)
23. Exhibit D-2. [↑](#footnote-ref-23)
24. Exhibit D-23. [↑](#footnote-ref-24)
25. In this case, USDT. [↑](#footnote-ref-25)
26. Exhibits D-8, D-9, D-13, and D-19. [↑](#footnote-ref-26)
27. Approximately US$120,000 or C$165,000. [↑](#footnote-ref-27)
28. Exhibits D-24 and D-40. [↑](#footnote-ref-28)
29. Exhibits D-24, D-29, and D-41. [↑](#footnote-ref-29)
30. Exhibits D-32, D-33, and D-42. [↑](#footnote-ref-30)
31. Exhibit D-40 at 52. [↑](#footnote-ref-31)
32. Exhibit D-40 at 67. [↑](#footnote-ref-32)
33. Exhibit D-29. [↑](#footnote-ref-33)
34. Exhibit D-29. [↑](#footnote-ref-34)
35. Exhibit D-29. [↑](#footnote-ref-35)
36. Exhibit D-29. [↑](#footnote-ref-36)
37. Exhibit D-32. [↑](#footnote-ref-37)
38. Exhibit D-46 (Excerpt from the presentation by respondent Stéphane Plante during the meeting of potential investors held on February 10, 2024, at Ruby Foo’s Hotel). [↑](#footnote-ref-38)
39. Exhibit D-46 (Excerpt from the presentation by respondent Stéphane Plante during the meeting of potential investors held on February 10, 2024, at Ruby Foo’s Hotel). [↑](#footnote-ref-39)
40. Exhibit D-46 (Excerpt from the presentation by respondent Stéphane Plante during the meeting of potential investors held on February 10, 2024, at Ruby Foo’s Hotel). [↑](#footnote-ref-40)
41. Exhibit D-46 (Excerpt from the presentation by respondent Stéphane Plante during the meeting of potential investors held on February 10, 2024, at Ruby Foo’s Hotel). [↑](#footnote-ref-41)
42. Exhibit D-46 (Excerpt from the presentation by respondent Stéphane Plante during the meeting of potential investors held on February 10, 2024, at Ruby Foo’s Hotel). [↑](#footnote-ref-42)
43. Exhibit D-46 (Excerpt from the presentation by respondent Stéphane Plante during the meeting of potential investors held on February 10, 2024, at Ruby Foo’s Hotel). [↑](#footnote-ref-43)
44. Exhibits D-5, D-6, D-10, D-11, D-16, D-17, D-21, D-22, D-27, D-28, D-30, D-31, D-34, and D-35. [↑](#footnote-ref-44)
45. *Autorité des marchés financiers c. English*, 2014 QCBDR 84; *Autorité des marchés financiers c. Kam*, 2012 QCBDR 148; *Autorité des marchés financiers c. GO Great Offers Direct Ltd.,* 2021 QCTMF 57; *Dodsley (Re)*, 2003 LNONOSC 92. [↑](#footnote-ref-45)
46. *Dodsley (Re)*, 2003 LNONOSC 92. [↑](#footnote-ref-46)
47. CQLR, c. V-1.1, r. 10. [↑](#footnote-ref-47)
48. Exhibit I-1. [↑](#footnote-ref-48)