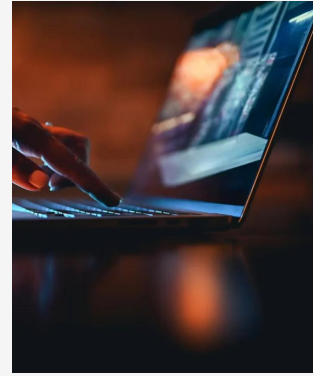


# The Solo International case: the Québec Financial Markets Tribunal sanctions a transnational pump-and-dump scheme, but leaves key questions unanswered



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## Key Takeaways

- The Québec Financial Markets Tribunal ruled on the case of *Autorité des marchés financiers c. Solo international inc.*, focusing on a pump-and-dump scheme from 2011–2012.
- The tribunal concluded the respondents acted as sophisticated fraudsters and imposed significant administrative penalties.
- Despite detailed facts, the tribunal failed to link specific acts to the violations.

On March 30, the Québec Financial Markets Tribunal (the QFMT) delivered its ruling on the merits of *Autorité des marchés financiers c. Solo international inc.* (Solo),<sup>[1]</sup> a case involving a pump-and-dump scheme whose proceedings date back to 2017. The QFMT's jurisdiction was challenged all the way to the Supreme Court of Canada, which upheld it in 2023.<sup>[2]</sup>

In this case, the Autorité des marchés financiers (the AMF) alleged that the respondents participated in a coordinated scheme to manipulate the value of Solo's shares. Solo, a Nevada-incorporated mining exploration company, was a reporting issuer under the Québec *Securities Act* (the Act), with shares traded over the counter on the U.S. market. The AMF alleged that, through their scheme, the respondents committed serious violations of sections 195.2 and 199.1 of the Act.<sup>[3]</sup> Section 195.2 of the Act prohibits influencing or attempting to influence the market price or the value of securities by means of unfair, improper or fraudulent practices, while section 199.1 sanctions anyone who engages or participates in any transaction that creates or contributes to a misleading appearance of trading activity in, or an artificial price for, a security, or that perpetrates a fraud on any person.

The alleged conduct primarily took place between February 2011 and December 2012. The proceedings were drawn out and included various interim applications. The hearing on the merits was ultimately held from October 20 to November 4, 2025 — more than eight years after the AMF filed its originating application.

In its decision, the QFMT adopted the AMF's analysis in full, concluding that the respondents committed the alleged violations and noting that "the pump-and-dump scheme involving these respondents *becomes plainly evident* to any reasonable observer once the Authority produces compelling evidence to dispel the fog created by shell companies and accounts held in tax havens, behind which the respondents were sheltering."<sup>[4]</sup> The QFMT further described the respondents as "sophisticated fraudsters" who "did not hesitate to use multiple jurisdictions, shell companies and accounts held at financial institutions located in 'tax havens'" to conceal their coordinated involvement.<sup>[5]</sup>

The QFMT found that the pump-and-dump scheme unfolded in several distinct phases:

- the acquisition of Solo's shares by the other respondents
- the creation of the appearance of legitimate business activity for Solo
- the first pump-and-dump period for Solo's shares
- the second pump-and-dump period for Solo's shares
- the distribution of profits from the dumps carried out by respondents Sharp, Carnovale,

Rocca and Van Damme<sup>[6]</sup>

The QFMT also found that respondent Plante, the only Québec resident among the respondents, acted as a front man, serving as the CEO and majority shareholder of Solo.<sup>[7]</sup> In the QFMT's view, this usurpation by respondent Plante "served as a perfect shield for the other respondents, and his role was essential to the implementation of the pump-and-dump scheme on Solo's shares."<sup>[8]</sup>

The QFMT granted the AMF's application and issued various orders, including a cease-trade order in respect of Solo's shares, a trading ban on each individual respondent, and a five-year ban on each respondent serving as a director or officer of an issuer, dealer, adviser or investment fund manager. The QFMT also imposed the following administrative penalties: \$2,000,000 against respondent Sharp, \$630,000 against respondent Rocca, \$500,000 against respondent Van Damme, \$300,000 against respondent Carnovale and \$180,000 against respondent Plante.

Although the QFMT found that there was compelling and preponderant evidence to establish that the alleged violations had been committed, and dozens of paragraphs meticulously detailed the various phases of the scheme, it did not specify which particular acts contravened sections 195.2 and 199.1 of the Act, instead taking the position that the entire sequence of events, taken together, amounted to the violations in question. The QFMT stated that the pump-and-dump scheme was "considered by an abundance of case law to constitute a serious violation"<sup>[9]</sup> of those provisions and referred the reader to the different phases of the scheme that had "previously been described in detail"<sup>[10]</sup> in the decision.

The QFMT provided no explanation of the distinctions between the offences outlined in sections 195.2 and 199.1 of the Act, leaving readers uncertain as to whether the constituent elements of these offences differ. Furthermore, the QFMT failed to establish a clear link between the alleged acts and the constituent elements of these offences.

Moreover, while the QFMT set out the facts relating to the pump-and-dump scheme in detail, the decision contains relatively little analysis justifying the administrative penalties imposed. It merely stated that the AMF's requested penalties were "reasonable, given the seriousness of the violations committed and the particularly harmful nature of the transnational pump-and-dump scheme"<sup>[11]</sup> implemented by the respondents, without providing any precedent, scale or comparative basis for assessing the appropriateness of the imposed amounts.

The regulator completed a nearly decade-long process involving significant transnational components — including use of the formal information-sharing procedure under the International Organization of Securities Commissions Multilateral Memorandum of Understanding Concerning Consultation and Cooperation and the Exchange of Information (the IOSCO MMoU) — to pierce the veil of shell companies and foreign bank accounts. The QFMT itself noted that “the IOSCO MMoU represents a significant development in international law and in the level of cooperation among governmental market regulators in cases involving investigations into securities law violations with transnational components,”<sup>[12]</sup> and that “only a concerted effort by governmental regulators across all of these jurisdictions, and the use of the IOSCO MMoU, made it possible — after many years of effort — for the Authority to bring to light the serious statutory violations committed by the respondents.”<sup>[13]</sup>

We understand that the QFMT’s decision has been appealed and we will continue to monitor developments.

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[1] *Autorité des marchés financiers c. Solo international inc.*, 2026 QCTMF 24 (the decision).

[2] *Sharp v. Autorité des marchés financiers*, 2023 SCC 29.

[3] Decision at para. 6.

[4] Decision at para. 164, translated from original French.

[5] Decision at para. 183, translated from original French.

[6] Decision at para. 43.

[7] Decision at para. 55.

[8] Decision at para. 176, translated from original French.

[9] Decision at para. 168, translated from original French.

[10] Decision at para. 169, translated from original French.

[11] Decision at para. 194, translated from original French.

[12] Decision at para. 36, translated from original French.

[13] Decision at para. 184.