



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

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**IN THE MATTER OF
STEER TECHNOLOGIES INC. (FORMERLY FACEDRIVE INC.), SAYANTHAN
NAVARATNAM, SUMAN PUSHPARAJAH, AND JUNAID RAZVI**

STATEMENT OF ALLEGATIONS

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

A. FACTS

(a) Overview

1. Between April 2020 and January 2021 (the **Material Time**), Steer published contradictory and misleading news releases regarding the capabilities and consumer readiness of its COVID-19 digital contact-tracing platform, TraceScan. Steer also failed to correct forward-looking information contained in a news release after it had become clear that the information was inaccurate.

2. Public companies that issue misleading news releases regarding the status of their products, particularly in emerging sectors such as COVID-19-related health technologies, deprive investors of the ability to make informed investment decisions. It is vital that investors receive complete, factual and balanced information, especially in emerging sectors. Public companies in these sectors that overemphasize the market readiness of their products while omitting the challenges of launching to market may mislead investors.

3. Officers and directors of public companies have important gatekeeping roles in ensuring that the public is provided with accurate and balanced information. When officers and directors fail to ensure that news releases and other public disclosures are accurate and balanced, they undermine confidence in Ontario's capital markets.

(b) The Parties

4. Steer Technologies Inc., formerly Facedrive Inc. (**Steer**), is a public company listed on the TSXV and OTCQX. Steer describes itself as “an integrated ESG technology platform offering on-

demand and subscription-based mobility services.” Its offerings include food delivery services, ride sharing, health technologies, and an electric vehicle subscription business.

5. Sayanthan Navaratnam (**Navaratnam**) was Steer’s CEO and Chairman of the Board of Directors from September 2019 to September 1, 2021. During the Material Time, Navaratnam was a member of the Disclosure Committee and owned approximately 30% of Steer’s shares.

6. Suman Pushparajah (**Pushparajah**) was Steer’s Chief Operating Officer and the leader of “Facedrive Health”, which oversaw the development of TraceScan during the Material Time. He owned more than 5% of Steer’s shares.

7. Junaid Razvi (**Razvi**) was the Chair of Steer’s Disclosure Committee. He was also Vice-President, corporate secretary, and a director of Steer during the Material Time. He owned approximately 8% of Steer’s shares.

8. Navaratnam, Pushparajah, and Razvi were officers of Steer during the Material Time. They failed to conduct sufficient diligence to ensure that the news releases were accurate before approving the releases for dissemination to the public.

(c) **The TraceScan Platform**

9. In early 2020, Steer, in conjunction with other entities, began developing a COVID-19 contact-tracing platform called TraceScan. Initially, TraceScan consisted of a digital contact-tracing app (the **TraceScan App** or the **App**) that was intended to exchange Bluetooth signals between mobile devices and detect when two mobile devices were within a certain distance of each other for contact-tracing purposes.

10. In March or April 2020, Steer began to develop a Bluetooth wearable device (the **TraceScan Wearable** or the **Wearable**), in addition to the TraceScan App, which planned to use Bluetooth signals to detect when two or more Wearables were within a certain distance of each other. The TraceScan Wearable, when fully developed, was intended to collect contact data that could be used to identify individuals that were in close contact with a positive case. The TraceScan App and the TraceScan Wearable, collectively, are referred to as **TraceScan**.

(d) News Releases

11. As set out below:

- (a) during the Material Time, Steer issued news releases that announced product developments and launches in unbalanced terms; and
- (b) several of those news releases created confusion or a misleading impression about the status of TraceScan’s development and its availability to the public.

(i) The April 20, 2020 News Release

12. On April 20, 2020, Steer issued a news release introducing TraceScan. The news release included the following statement:

- (a) The TraceScan App “is expected to release within the next 30 days.”

(ii) The May 20, 2020 News Release

13. On May 20, 2020, Steer issued a news release that included references to the existence of the TraceScan Wearable. As of that date, Steer’s TraceScan Wearable was not consumer-ready. However, the news release included statements that suggested otherwise, including:

- (a) “[t]he TraceSCAN app and wearables provide contact tracing to help mitigate the spread of the COVID-19 virus”; and
- (b) “TraceSCAN recognizes privacy concerns and has built the app and wearables in line with the government's recommendations, alongside MT>Ventures.”

(iii) The May 28, 2020 News Release

14. On May 28, 2020, Steer issued a news release which suggested that:

- (a) a TraceScan Wearable existed in a consumer-ready state as part of a comprehensive solution that included the App and Wearable; and
- (b) the University of Waterloo team (the **Waterloo Team**) was developing Bluetooth-based wearables with Steer that would include “real-time monitoring of the recovery process through the measurement of specific vital signs.”

15. However, as of May 28, 2020, Steer had only developed a prototype of a Wearable. Steer first sold a TraceScan Wearable in August 2020.

16. The news release included the following statements implying that the TraceScan Wearable was consumer-ready:

- (a) “Facedrive Inc. ... is pleased to announce “TraceSCAN”, the COVID-19 contact tracing platform which includes an application, wearables and artificial intelligence technology that helps to mitigate the spread of COVID-19 and predict future outbreaks.”
- (b) “TraceSCAN...is a comprehensive solution that combines a smart contact tracing app, wearable technology and artificial intelligence, setting it apart from other contact tracing solutions.”

17. In addition, while the news release stated that the TraceScan Wearables would benefit the general public, it did not mention that:

- (a) the Wearables were designed to be used in contained spaces such as offices, warehouses, and manufacturing facilities where they could be supported with additional data collection equipment and/or other associated technology; and
- (b) for members of the general public to benefit from the contact tracing features, the TraceScan Wearable would either need to interact with other contact tracing devices (which it was not capable of doing) or be supported by the government to ensure a sufficient level of adoption.

18. The news release included the following statements regarding TraceScan’s purported benefit to the general public:

- (a) “TraceSCAN is available for the general public enabling users to take safety precautions such as self-isolation or close monitoring for signs of COVID-19 symptoms.”
- (b) “As part of the TraceSCAN platform, Facedrive Health and Waterloo researchers are also developing Bluetooth-based wearables that will improve contact tracing

accuracy and real-time monitoring of the recovery progress through measurement of specific vital signs.”

(iv) The June 4, 2020 News Release

19. On June 4, 2020, Steer issued a news release announcing, for at least the third time, the launch of the TraceScan App. The news release stated that Steer had “completed the development and testing of the TraceSCAN app” and anticipated “that the platform as well as the associated wearable technology will be made available for public use by the end of June 2020.”

20. Steer did not explain why:

- (a) it was announcing that the TraceScan App would be available by end of June 2020 when it had already previously announced that the App was expected to be released within 30 days of its April 20, 2020 news release; or
- (b) it was announcing that the TraceScan Wearable would be available by the end of June 2020 when it had previously announced the TraceScan Wearable “is available for the general public” in its May 28, 2020 news release.

(v) The July 7, 2020 News Release

21. On July 7, 2020, Steer issued a news release that announced that its “newly launched COVID-19 contact tracing solution, TraceSCAN Bluetooth wearable technology is available for market next week.” It further noted that “[w]ith the availability of TraceSCAN wearables next week, contact tracing will be made possible without smartphones among at-risk demographics, such as senior citizens, children, and low-income individuals.”

22. Steer did not reconcile this announcement that the TraceScan Wearable would be available the following week with the following announcements it had previously made:

- (a) the May 20, 2020 statement that “[t]he TraceSCAN app and wearables provide contact tracing to help mitigate the spread of the COVID-19 virus”;
- (b) the May 28, 2020 statements that:
 - (i) “TraceSCAN...is a comprehensive solution that combines a smart contact tracing app, wearable technology and artificial intelligence”; and
 - (ii) “TraceSCAN is available for the general public”; and

- (c) the June 4, 2020 statement that the “wearable technology will be made available for public use by the end of June 2020.”

23. In addition, the July 7, 2020 news release did not explain that while the TraceScan Wearable no longer required a smart-phone to collect contact data, the TraceScan Wearable still requires either a mobile device or data collection equipment to collect and analyze the contact data.

(vi) The January 5, 2021 News Release & March 31, 2021 MD&A

24. On January 5, 2021, Steer issued a news release announcing the release of “TraceSCAN V2”, the latest version of its wearable device (**TraceScan V2**). The news release announced that TraceScan V2 had significantly enhanced features and passed “all requisite testing and deployment procedures” and that Steer anticipated having TraceScan V2 ready for release in February 2021. As of January 5, 2021, Steer had not developed or tested the advertised features in TraceScan V2 and was not in a position to release TraceScan V2 with all of those features.

25. The news release included the following statements about TraceScan V2:

- (a) “TraceSCAN V2 features an extensive set of enhanced functionalities aimed at providing key health and safety benefits...and vital sign monitoring capability.”
- (b) “TraceSCAN V2 will also further integrate temperature checking and other key health and safety functionalities...”

26. Despite the representations that TraceScan V2 “will also further integrate temperature checking and other key health and safety functionalities”, TraceScan V2 did not include vital sign monitoring or other health and safety functionalities beyond temperature checking.

27. In its Management’s Discussion & Analysis (**MD&A**) for the three months ended March 31, 2021, Steer updated the estimated release date of TraceScan V2. Steer stated that it had anticipated releasing TraceScan V2 in July 2021 but because of a global chipset shortage there was no assurance that TraceScan V2 would be available within such a timeframe. Steer did not explain the change in the anticipated TraceScan V2 release date from February 2021 to July 2021.

(e) **The April 9, 2021 News Release**

28. As a result of a continuous disclosure review (the **Continuous Disclosure Review**) by the Ontario Securities Commission (**OSC**) that began in 2020, the OSC requested that Steer issue a

news release to address certain issues identified during the review, including in respect of TraceScan. Steer issued a news release on April 9, 2021 in response to the OSC's request.

29. Steer prepared the April 9, 2021 news release through a special process established in response to the Continuous Disclosure Review. Steer's in-house counsel worked with a special committee of independent directors to prepare and approve the April 9, 2021 news release, which contained a quarter-by-quarter development summary for TraceScan for 2020. In the course of the OSC's investigation into this matter, it was found that the development summary did not achieve the intended effect of clarifying the development stages of TraceScan throughout 2020.

(f) Relationship With Medtronics

30. On May 11, 2020, Steer entered into a consulting services agreement with Medtronics Online Solutions Ltd. (**Medtronics**). Under the agreement, Medtronics was to assist with a business expansion strategy, assist with the design and implementation of marketing and promotional activities, and provide general consulting services. Steer and Medtronics terminated their relationship on October 19, 2020.

31. The CEO of Medtronics was also the editor of the website OilPrice.com. During the Material Time, which included the period of the contract between Medtronics and Steer, OilPrice.com issued numerous overly promotional articles about Steer.

32. OilPrice.com had also issued overly promotional material regarding Steer before Medtronics entered into a contract with Steer, but only after Steer and Medtronics had agreed upon a draft contract.

33. Each of OilPrice.com's promotional articles included a disclaimer stating that OilPrice.com had a relationship with Steer that created "a major conflict with our ability to be unbiased."

34. The Respondents were aware of OilPrice.com's promotional articles, at least one of which included a quote from Navaratnam, Steer's CEO. Despite this knowledge, Steer proceeded with and continued the relationship with Medtronics. Neither Steer, nor its executives, took steps to stop OilPrice.com from releasing overly promotional content.

(g) Failure to Correct Forward-Looking Information

35. In its May 28, 2020 news release, Steer announced that the Waterloo Team was developing a prototype of an AI platform for TraceScan, which would be available for testing within 30 to 90 days. It described this AI platform as consisting of "algorithms, using clustering techniques to

group individuals within a community and incorporate physical distancing, quarantining, and testing results to assist in forecasting the spread of COVID-19 and predicting future outbreaks.”

36. The Waterloo Team’s AI platform was not available for testing within 90 days of the May 28, 2020 news release.

37. When Steer’s projected dates for the availability of its AI platform for testing did not materialize, Steer failed to update the announced forward-looking information in subsequent news releases, including the development summary in the April 9, 2021 news release, or in any of its MD&As.

B. BREACHES OF ONTARIO SECURITIES LAW AND CONDUCT CONTRARY TO THE PUBLIC INTEREST

38. The following breaches of Ontario securities law and conduct contrary to the public interest are alleged:

- (a) Steer issued contradictory and misleading news releases, contrary to the public interest;
- (b) Navaratnam, Pushparajah, and Razvi each failed to take adequate steps to ensure that Steer’s news releases were not misleading, contrary to the public interest;
- (c) Steer entered into a contractual relationship with Medtronics, which was operated by the same person who posted biased and promotional articles about Steer on OilPrice.com both before and during the relationship, contrary to the public interest;
- (d) Navaratnam and Razvi authorized Steer to enter into a contractual relationship with Medtronics when they knew or ought to have known that OilPrice.com was publishing biased and promotional articles about Steer, contrary to the public interest;
- (e) Steer failed to update or correct the anticipated date when the Waterloo Team’s AI platform would be available for testing, either in a subsequent news release or in its next MD&A, contrary to section 5.8 of National Instrument 51-102 *Continuous Disclosure Obligations* (NI 51-102); and
- (f) Navaratnam and Razvi each authorized, permitted or acquiesced in Steer’s contravention of section 5.8 of NI 51-102, contrary to subsection 129.2 of the *Securities Act*, RSO 1990 c S.5 (the Act).

C. ORDER SOUGHT

39. It is requested that the Tribunal make an order pursuant to subsection 127(1) and section 127.1 of the Act to approve the settlement agreements entered into by Steer, Navaratnam, Pushparajah, and Razvi with respect to the matters set out herein.

DATED at Toronto, Ontario, this 5th day of April, 2023.

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