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Citation: *Steer Technologies Inc (Re)*, 2023 ONCMT 22
Date: 2023-05-19
File No. 2023-10

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

**ORAL REASONS FOR APPROVAL OF A SETTLEMENT
(Subsection 127(1) and section 127.1 of the *Securities Act*, RSO 1990, c S.5)**

Adjudicators: James D.G. Douglas (chair of the panel)
Dale R. Ponder
M. Cecilia Williams

Hearing: By videoconference, May 19, 2023

Appearances: Rikin Morzaria For Staff of the Ontario Securities
Commission
Rohit Kumar For Steer Technologies Inc., Sayanthan
Navaratnam, Suman Pushparajah, and
Junaid Razvi

ORAL REASONS FOR APPROVAL OF A SETTLEMENT

The following reasons have been prepared for publication, based on the reasons delivered orally at the hearing, as edited and approved by the panel, to provide a public record of the oral reasons.

- [1] Staff of the Ontario Securities Commission has alleged that:
- a. Steer Technologies Inc. published contradictory and misleading news releases regarding the capabilities and consumer readiness of its COVID-19 digital contact-tracing platform and failed to correct forward looking information contained in a news release after it had become clear that the information was inaccurate;
 - b. Sayanthan Navaratnam, Suman Pushparajah, and Junaid Razvi, all of whom are individual respondents in this matter, failed to conduct sufficient diligence to ensure that the news releases were accurate and not misleading before they were made public, and, therefore, acted contrary to the public interest;
 - c. contrary to the public interest, Navaratnam and Razvi authorized Steer to enter into a contractual relationship with a business that they knew or ought to have known was publishing biased and promotional articles about Steer; and
 - d. Navaratnam and Razvi also authorized, permitted or acquiesced in Steer's contravention of section 5.8 of National Instrument 51-102, contrary to subsection 129.2 of the *Securities Act*¹.
- [2] OSC Staff and the respondents seek approval of a settlement agreement they have entered regarding these allegations. We conclude that it would be in the public interest to approve the settlement, for the following reasons.
- [3] The factual background is set out in more detail in the settlement agreement, but we summarise the most important facts here.

¹ RSO 1990, c S.5

- [4] Steer is a technology company, listed on the TSX Venture Exchange and OTCQX. At the material time, Navaratnam and Razvi were directors and officers of Steer, and Pushparajah was an officer of Steer.
- [5] Beginning in early 2020, Steer was involved in the development of contact-tracing technologies in response to the spread of COVID-19. Between April 2020 and January 2021, Steer issued a number of news releases that announced product developments and launches in unbalanced terms. Several of the news releases created confusion or misleading impressions about the status of the development and availability of Steer's products. Steer admits that the news releases were contradictory and misleading and, therefore, contrary to the public interest. The individual respondents admit that they acted contrary to the public interest by failing to take adequate steps to ensure that the press releases were not misleading.
- [6] In its May 28, 2020 news release, Steer announced that an enhanced feature for its products would be available for testing within 30 to 90 days. The enhanced feature was not available for testing within 90 days. Contrary to section 5.8 of National Instrument 51-102, Steer failed to update or correct the forward-looking information concerning the enhanced feature and its anticipated availability for testing, either in a subsequent news release or in its next MD&A. Navaratnam and Razvi admit that they authorized, permitted or acquiesced in Steer's breach of Ontario securities law.
- [7] In May 2020, Steer entered into a consulting services agreement with a company which included assistance with business expansion and marketing and promotional activities. The CEO of the company was also the editor of a website that, during the material time, issued numerous overly promotional articles about Steer. While those articles contained a conflict of interest disclaimer, Steer admits it was aware, upon entering into and during the relationship with the company, of the overly promotional content of the articles and took no steps to stop their publication, which was contrary to the public interest. Navaratnam and Razvi admit that, contrary to the public interest, they authorized Steer to enter into the relationship with the company and knew or ought to have known that the website edited by the company's CEO was publishing biased and promotional

articles about Steer. Steer and the company terminated their relationship in October 2020.

- [8] We have reviewed the settlement agreement in detail. In addition, we had the benefit of a confidential conference with counsel for all parties.
- [9] Each of the respondents has made, and Staff of the Ontario Securities Commission has confirmed this, payments to the Commission in the amounts contemplated in the Settlement Agreement.
- [10] Steer will submit to a review by an independent consultant of, amongst other things, its corporate governance framework and disclosure policies, submit to quarterly reviews of its disclosure practices, and institute specific requirements for its Disclosure Committee for a period of two years from the date of the order approving this settlement.
- [11] Navaratnam, Pushparajah, and Razvi have each agreed to complete a course on disclosure issues satisfactory to the Enforcement Branch of the Ontario Securities Commission. We're advised by counsel for the OSC Staff that Pushparajah has now completed that course. Pending completion, Pushparajah was prohibited from certifying an interim or annual filing as defined in National Instrument 52-109. Navaratnam and Razvi will be prohibited from becoming or acting as a director or officer of a reporting issuer, other than Steer or its affiliates, for three and two years, respectively.
- [12] Our role at this settlement hearing is to determine whether the negotiated result falls within a range of reasonable outcomes, and whether it would be in the public interest to approve the settlement.
- [13] Timely and accurate disclosure are among the fundamental principles upon which securities regulation in Ontario is founded. Similarly, the correction of forward-looking statements that, with the passage of time, prove to be inaccurate or misleading is essential to the efficiency and integrity of the capital markets. Likewise, acquiescence or condonement of promotional activities that are biased and misleading poses a serious risk to the investing public and to capital market integrity. The potential harm associated with such conduct may be greater in the case of companies like Steer where alternative sources of investor information

may be more limited. Conduct contrary to the public interest and breaches of Ontario securities law in these areas warrant regulatory action and censure.

[14] The panel is satisfied that, overall, the sanctions agreed to by the parties under the settlement agreement achieve the objectives of specific and general deterrence. Moreover, the Tribunal respects the negotiation process and accords significant deference to the resolution reached by the parties. In the context of settlement approval, it is not the role of this panel to substitute or impose its views as to appropriate settlement terms, but rather, to ensure that the settlement is consistent with the purposes and principles articulated in sections 1.1 and 2.1 of the *Act*, which inform the public interest in this context. We are satisfied that the settlement agreement is consistent with those purposes and principles and, therefore, it is in the public interest for us to approve the settlement.

[15] We will therefore issue an order substantially in the form of the draft attached to the settlement agreement.

Dated at Toronto this 19th day of May, 2023

"James D.G. Douglas"

James D.G. Douglas

"M. Cecilia Williams"

M. Cecilia Williams

"Dale R. Ponder"

Dale R. Ponder