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Citation: *TeknoScan Systems Inc (Re)*, 2025 ONCMT 12

Date: 2025-10-14

File No. 2022-19

**IN THE MATTER OF
TEKNOSCAN SYSTEMS INC, H. SAMUEL HYAMS, PHILIP KAI-HING KUNG
and SOON FOO (MARTIN) TAM**

REASONS AND DECISION

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

Adjudicators: Andrea Burke (chair of the panel)
Cathy Singer
Russell Juriansz

Hearing: July 15, 2025

Appearances: Hanchu Chen	For the Ontario Securities Commission
Matthew Sokolsky	For H. Samuel Hyams
Andrew Max	For Philip Kai-Hing Kung
Sunil Joseph	For TeknoScan Systems Inc.
Soon Foo (Martin) Tam	On his own behalf

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REASONS AND DECISION

1. OVERVIEW

- [1] These are the reasons for the sanctions we impose on TeknoScan Systems Inc., and three of its officers and directors, H. Samuel Hyams, Phillip Kai-Hing Kung and Soon Foo (Martin) Tam (the **Individual respondents**). We permanently restrict TeknoScan, Kung and Tam from participating in the capital markets and restrict Hyams from participating for 20 years. We impose permanent director and officer bans against all of the Individual respondents. We impose administrative penalties of \$150,000 against TeknoScan, \$450,000 against Kung, \$350,000 against Tam and \$250,000 against Hyams. We grant the Commission \$400,000 in costs and disbursements, with \$100,000 payable by TeknoScan and \$300,000 by the Individual respondents, jointly and severally.

2. BACKGROUND

- [2] In its decision on the merits released on December 23, 2024 (the **Merits Decision**),¹ the Tribunal found that the respondents perpetrated securities fraud contrary to s. 126.1(1)(b) of the *Securities Act* (the **Act**)². The finding followed 19 days of evidence.
- [3] The respondents carried out the fraud by sending a notice (the **Notice**) to shareholders advising them that TeknoScan was negotiating with a strategic investor to purchase approximately 50% of its common shares at an attractive valuation (**Share Purchase Transaction**). The Notice advised preferred shareholders that they could participate in the Share Purchase Transaction by converting all of their preferred shares into common shares on a 1:1 basis by no later than January 31, 2017, regardless of when or if the transaction was completed.
- [4] The Tribunal found that the Individual respondents and the TeknoScan Board knew that the Share Purchase Transaction was uncertain. They prepared and approved the Notice, knowing that it omitted key facts. The Notice failed to

¹ *TeknoScan Systems Inc (Re)*, 2024 ONCMT 32

² RSO 1990, c S.5 (**Act**)

disclose that funding for the Share Purchase Transaction was uncertain as it depended on contrived and unconventional third-party funding arrangements, and it was non-arm's length. The omitted information was fundamental and essential to the purchaser's ability to close the Share Purchase Transaction and for preferred shareholders to understand the risks of it not closing. By omitting this information, the Notice conveyed the false impression that funding for the Share Purchase Transaction, which would be transformative and lucrative for shareholders, was secure. Relying on the Notice, 92.3% of preferred shareholders converted their shares into common shares, thereby forfeiting redemption, dividend and royalty rights attached to their preferred shares.

- [5] The Tribunal also decided that TeknoScan, contrary to s. 126.2(1) of the *Act*, made a materially misleading statement to shareholders (in the form of the Notice) that would reasonably be expected to have a significant effect on the value of its common shares. The three Individual respondents authorized, permitted and acquiesced in that statement and were deemed liable for TeknoScan's breach under s. 129.2 of the *Act*.
- [6] The Tribunal found the Commission failed to establish its allegations that the Individual respondents made a materially misleading statement to shareholders and that Kung and Hyams made misleading statements to the Commission during its investigation.

2.1 Parties' positions on what sanctions are appropriate

2.1.1 The Commission

- [7] The Commission seeks an order that Kung, Tam, and TeknoScan be subject to permanent trading, acquisition and exemption bans, and that Hyams be subject to 20-year bans in respect of the same conduct. It also seeks orders permanently prohibiting the Individual respondents from becoming or acting as directors and officers, registrants, investment fund managers and promoters. The Commission requests that the Tribunal also order administrative penalties of \$600,000 against TeknoScan jointly and severally with the Individual respondents, and additional individual administrative penalties of \$1 million against Kung, \$900,000 against Tam, and \$600,000 against Hyams. Finally, the

Commission seeks costs and disbursements of \$572,948.75 payable by all the respondents jointly and severally.

2.1.2 The respondents

- [8] TeknoScan asks that it be permitted to trade in securities, rely on exemptions under securities laws, and avoid financial sanctions. It submits this is necessary for it to continue as a going concern for the benefit of its shareholders and other stakeholders and to meet its obligations. TeknoScan also wants to be able to continue with at least two of its three existing directors, who are Kung, Tam and Mr. Sunil Joseph.
- [9] Hyams submits that the administrative penalty imposed on him should not exceed \$100,000 and he should not be prohibited from acting as a director or officer for more than six months.
- [10] Kung and Tam both addressed the Tribunal personally at the sanctions hearing. Their oral submissions, as well as much of their written submissions, sought to explain why the Merits Decision was mistaken. Counsel from the Litigation Assistance Program (**LAP**) appeared for Kung and submits that the penalties sought by the Commission are not appropriately restrained. He urges us to consider the cumulative effect of all the penalties imposed and points out that several of the aggravating facts the Commission seeks to rely upon were not established before the Merits panel. Neither Kung nor Tam made any submissions about what specific sanctions should be ordered, although Kung asks that he be permitted to continue as a director of TeknoScan.

2.2 The Merits Decision is binding

- [11] The Merits Decision and its findings are binding for purposes of the sanctions stage of an enforcement proceeding. We must disregard Kung's and Tam's submissions inviting us to revisit those findings. We did not take into account what the Commission alleged was aggravating conduct about which the Merits Decision made no specific findings.

3. ANALYSIS

3.1 Governing Principles

- [12] The Tribunal imposes sanctions in the public interest under s. 127(1) of the *Act*. In doing so, we must keep in mind the purposes of the *Act*. These include protecting investors from unfair, improper and fraudulent practices, and fostering fair and efficient capital markets and confidence in them.³
- [13] Specific and general deterrence are central to the imposition of sanctions under the *Act*. Specific deterrence ensures that the respondents themselves are dissuaded from engaging in future misconduct by making clear to them that violations carry meaningful consequences. General deterrence is also “an appropriate and perhaps necessary consideration”, as the Supreme Court of Canada explained in *Cartaway Resources Corp (Re)*⁴. General deterrence serves the broader protective function by using the sanctioning of one offender to discourage all market participants from engaging in similar misconduct. Both specific and general deterrence are essential to maintaining fair and efficient capital markets, promoting investor confidence, and protecting the public from harm.
- [14] Sanctions such as bans on market participation and serving as directors or officers remove individuals from the capital markets who have demonstrated a disregard for the law. Such bans prevent such individuals from placing investors at further risk and are predicated on the concept that market participation is a privilege, and not a right.⁵
- [15] As the Tribunal’s jurisprudence repeatedly affirms, sanctions under the *Act* are protective and preventative, not punitive.⁶

³ *Act*, s 1.1

⁴ 2004 SCC 26 at para 60

⁵ *Polo Digital Assets (Re)*, 2022 ONCMT 32 at para 135

⁶ *Committee for the Equal Treatment of Asbestos Minority Shareholders v Ontario (Securities Commission)*, 2001 SCC 37 at para 42

- [16] Sanctions must be proportionate to the respondents' misconduct in the circumstances. The cumulative effect of multiple sanctions for each respondent must also be fair and proportionate.⁷
- [17] A list of the factors that the Tribunal may consider in deciding what sanctions are appropriate is well-established:
- a. the seriousness of the misconduct;
 - b. level of activity in the marketplace, or the size of the contravention;
 - c. whether the misconduct was isolated or recurrent;
 - d. the respondents' experience in the marketplace;
 - e. whether the respondents benefitted or profited from the misconduct;
 - f. any mitigating factors; and
 - g. the likely effect that any sanction would have on the respondent and others.⁸
- [18] This list is not closed, and the relevance and weight of any factor depends on the circumstances of the case. We address the factors applicable to determining the appropriate sanctions below.

3.1.1 Seriousness of the misconduct

- [19] In perpetrating a fraud, the respondents have committed "the most egregious violation of securities law."⁹ While all frauds fall in the egregious category of securities law, they vary in severity, and it is necessary to assess where on that spectrum the respondents' misconduct falls.
- [20] While not minimizing the respondents' misconduct, we find that their fraud is not the most egregious kind; this is not a case, for example, of misappropriating the life savings of unsophisticated investors.
- [21] The Merits panel dismissed the Commission's allegation that the respondents knew and believed that the third-party funding for the Share Purchase

⁷ *Mughal Asset Management Corporation (Re)*, 2024 ONCMT 14 (**Mughal**) at para 137

⁸ *Mughal* at para 33

⁹ *Feng (Re)*, 2023 ONCMT 43 (**Feng**) at para 11

Transaction was implausible and nonsensical at the time of the Notice. To the contrary, the Merits Decision found that the respondents subjectively believed in the funding. However, the Merits Decision found unequivocally that the respondents knew that the Share Purchase Transaction was uncertain and that the third-party funding might not materialize. Their fraud consisted of sending shareholders a Notice that failed to indicate that uncertainty and instead conveyed that the funding was not an issue. The fraud would be more severe if the Share Purchase Transaction had been a complete sham.

- [22] That said, the fraud remains serious and warrants meaningful sanctions to protect the integrity of the capital markets. Investors must be protected from those who make fraudulent disclosure to investors that omits important information they are entitled to receive, even where those making the fraudulent disclosure may hope that an investment will succeed and investors will not suffer deprivation.
- [23] The Commission urged us to find the respondents' fraud caused "significant financial and emotional harm." The Commission introduced a survey of TeknoScan's preferred shareholders in addition to the testimony of four investors at the Merits hearing to prove this. The survey received only 18 substantive responses including four from the investors who testified at the Merits hearing. One survey respondent and witness at the Merits hearing, N.B., was aware of the facts omitted from the Notice prior to converting his preferred shares. Some surveys were from investors who declined to convert their preferred shares or had no intention of exercising redemption rights. Other survey respondents were not aware of a redemption right or did not have any redemption rights attached to their shares. On our reading, this evidence did not focus on the conversion of preferred shares and its related impact. Instead, these investors focused on their overall losses in TeknoScan. They emphasized the failure to receive any return of capital or return on investment without regard to holding preferred or common shares. The Commission did not establish to our satisfaction either through the surveys or investor testimony that the respondents' misconduct caused "significant financial and emotional harm" to investors.
- [24] On the other hand, we accept that the respondents' conduct did erode confidence in the integrity of the capital markets and deprived investors of

information important to their decision-making. This is a serious consequence. We attached no weight to the investor surveys filed by TeknoScan, Kung and Tam. They did not establish that preferred shareholders were aware of the information that the respondents omitted from the Notice.

3.1.2 Level of activity in the marketplace and the size of the contravention

[25] In December 2016, 108 investors held some 39.8 million TeknoScan preferred shares.¹⁰ Approximately 20 million of those shares had redemption rights attached.¹¹ All of those shares had rights to a 6% cumulative dividend paid annually.¹² Shareholders, who held 33.7 million preferred shares, converted their preferred shares to common shares after receiving the Notice about the Share Purchase Transaction.¹³ Ninety-three of the shareholders who converted their preferred shares were unrelated to the Individual respondents.

[26] The number of victims of the respondents' fraud is significant.

[27] We did not find persuasive the Commission's attempt to calculate the potential losses to preferred shareholders arising from the fraud. The Merits Decision found that the value of the forfeited redemption rights could not be established due to liquidity issues and lack of revenues. We are not satisfied with the Commission's attempt at the sanctions stage to now value the forfeited redemption rights at "at least" US \$5.155 million. The Commission's approach to valuing the forfeited redemption rights does not overcome the liquidity issues and lack of revenues identified in the Merits Decision. We accept that the respondents' misconduct caused losses but proceed on the basis that those losses have not been quantified.

3.1.3 Whether the misconduct was isolated or recurrent

[28] The Commission contends the respondents' fraudulent conduct was recurrent, as the planning and work towards the Share Purchase Transaction spanned several years. The Commission also cites the respondents' sustained representations to

¹⁰ Merits Decision at para 12

¹¹ Merits Decision at para 14

¹² Merits Decision at para 13

¹³ Merits Decision at para 20

investors, such as consistently promoting a \$20 target share price for TeknoScan, as alleged recurrent misconduct. Furthermore, the respondents withheld the funding uncertainty and the transaction's non-arm's-length nature from their lawyers. The Commission says they deliberately ignored their lawyers' advice to establish a closing date, and this allowed them "to string along their shareholders". The Commission also cites TeknoScan's reports to shareholders about the funding delays and raising further funds from shareholders after the Notice was issued as further recurrent fraudulent conduct.

- [29] We view things differently. There is a distinction between the duration of a respondents' preparation to commit a single fraud and the execution of multiple frauds. In this case the respondents committed fraud by sending the investors a misleading Notice and associated email. That occurred one time on December 14, 2016. While they may have planned and worked towards the Share Purchase Transaction over time, the Merits Decision finding of misconduct rests solely on this one communication. There was no finding of any other fraud. The respondents' other activities cited by the Commission were not part of the allegations made by the Commission and no finding of related misconduct was made in the Merits Decision.
- [30] The Commission also relies on the Merits Decision's findings that each of the respondents breached two provisions of the *Act*. However, because the very same wrongdoing underlies both the fraud and misrepresentation findings (and related s. 129.2 deemed liability), we decline to consider the multiple breaches as an aggravating factor in setting sanctions.

3.1.4 The respondents' experience in the marketplace

- [31] We are satisfied that the Individual respondents' experience in the marketplace is significant.
- [32] Hyams has a Master of Business Administration degree and was previously a chartered accountant. Prior to joining TeknoScan, he founded and worked for two and a half years at a startup.
- [33] Kung has a degree in Commerce, is a professional accountant and was a Chartered Financial Analyst charter holder. He completed several courses offered by the Canadian Securities Institute. He also previously sold mutual funds at

Altamira Investment Services and was a Commission registrant. He claims to have learned the importance of rules and regulations in the area of investment and finance and to understand the importance of investors having information to make informed decisions.

- [34] Tam completed Levels I and II of the Chartered Financial Analyst designation. He worked with Royal Bank of Canada in various capacities, including as a licensed investment representative and department manager. He co-founded and worked at 3i Financial Group. That involved establishing a Managing General Agency that was licensed with Equitable Life. He also launched 3i Financial Investment Services Inc., which was licensed under the Mutual Fund Dealers Association. He completed several industry courses through the Canadian Securities Institute, including the Partners, Directors, and Officers course, and was the Ultimate Designated Person and Chief Compliance Officer at 3i Financial, during which time he was a Commission registrant.
- [35] Hyams and Kung founded TeknoScan in 2008. Since then, Hyams was TeknoScan's Chief Executive Officer, President and director. Kung was a director, Chief Financial Officer, Executive Vice President and Treasurer. Tam joined the company in 2011 as a director and became chairman of the Board in 2013.
- [36] Kung and Tam, to a greater extent than Hyams, were responsible for raising funds for TeknoScan from investors.
- [37] Given the Individual respondents' experience in the marketplace, we are satisfied that they appreciated full well that candid disclosure is essential to ensure that investors have accurate, timely, and complete information needed to make informed investment decisions.

3.1.5 Whether and to what extent the respondents benefitted or profited from the misconduct

- [38] Although the fraud did not directly place investor funds into the respondents' pockets, the Commission submits that the respondents benefitted from their misconduct in three ways. First, TeknoScan avoided the potential liability of up to US \$58 million to honour the preferred share redemption rights. Second, the Individual respondents (as common shareholders of TeknoScan) benefitted from the company avoiding this potential liability. Third, the Individual respondents

benefitted because TeknoScan, having avoided these obligations, retained the funds used to pay their salaries and bonuses in the 18 months after the Notice.

- [39] We are not persuaded the record supports a finding the respondents personally profited from their misconduct. We find the argument about the avoidance of a potential balance sheet liability to be too remote and hypothetical. Although some investors who responded to the Commission's investor survey did indicate that they "would have" exercised or "intended to" exercise the redemption rights attached to their preferred shares, this was in hindsight with no indication as to timing. The Commission did not establish when these investors' redemption rights crystallized and could have been exercised or would have been exercised. We are not satisfied that the Commission established a causal link between the fraud and the salaries and bonuses received by the Individual respondents.

3.1.6 Mitigating factors

- [40] The respondents have no history of prior misconduct. While this is a mitigating factor for all of the respondents, for Kung and Tam it is diminished by their lack of recognition of the seriousness of their misconduct.
- [41] Kung's and Tam's positions are that the Merits Decision was mistaken. After electing not to testify at the Merits hearing, they now seek improperly to proffer evidence to show the Merits Decision was mistaken. Although Tam states that he has remorse, he couched his language in a way that belies this. He said, "if we did harm them, we are truly sorry". Similarly, Kung stated that "it's really unfortunate" that the Notice went out and did not meet the Commission's standards. We find that both Kung and Tam entirely fail to appreciate the seriousness of their misconduct or to accept responsibility for it.
- [42] On the other hand, Hyams satisfied us that he accepts responsibility for his misconduct and is remorseful, both personally and on behalf of the company. Unlike Kung and Tam, Hyams does not challenge the Merits Decision. We consider this in determining his sanctions.
- [43] LAP counsel for Kung stresses that there is no evidence of a positive belief by the respondents that the Share Purchase Transaction would not occur. We do not accept this as mitigating. The Merits Decision found they knew full well that the Share Purchase Transaction was uncertain when they issued the Notice. That

they did not know that the Share Purchase Transaction would not close does not excuse compliance with the duty to provide investors with accurate, timely, and complete information.

3.1.7 The likely effect of any sanctions on the respondents or others

- [44] We recognize that the sanctions the Commission seeks would likely have profound consequences for the Individual respondents, as well as for TeknoScan and its shareholders. The requested sanctions are intended to have both a specific and general deterrent effect.
- [45] As outlined above, TeknoScan's representative pleads for leniency and asks that no sanctions be ordered against the company. The representative explained that a revenue stream is expected from the company's recent sale of its intellectual property to its global partner, Annika Sterilis. As well, TeknoScan holds shares in its global partner and may want to sell them after the global partner's initial public offering (**IPO**) at some unspecified future date. These developments could generate funds for shareholders and debtholders. The company may also want to be able to buy back its shares from shareholders. The TeknoScan representative claimed the company needs to continue with at least two of its present directors "so that we can follow the path we have taken since 2008". He submits TeknoScan should not be subject to any financial sanctions and should be permitted to avail itself of exemptions under securities law to continue as a going concern and be permitted to trade securities to "meet its obligations" to debtholders and shareholders.
- [46] Kung and Tam both submit that their continued oversight as directors is necessary to TeknoScan's future success. TeknoScan itself asks that at least two of its current three directors (Kung, Tam and Joseph) be permitted to continue in their role.
- [47] TeknoScan's submissions and evidence are too hypothetical, vague and insufficiently detailed to justify not ordering the requested bans against the company. The potential for future share transactions after a hypothetical IPO or future share buybacks is too speculative to justify TeknoScan's request. The company's governance plans, specifically its desire to retain Kung and/or Tam as

directors, raise additional concerns. Nothing in this decision prevents TeknoScan from making a future application for a variation of the sanctions we impose.

- [48] However, we do accept that the burden of the financial sanctions we impose on TeknoScan will ultimately impact its shareholders. The shareholders are innocent of the misconduct and they are the victims of it. We keep this in mind as we tailor the appropriate sanctions in this case.
- [49] Hyams also asks for leniency. He submits that he is 70 years old and starting from scratch. He has been ousted from TeknoScan and has suffered great loss. He submits that he has no funds and is unable to pay the financial penalties the Commission seeks. He also submits that he needs the ability to earn a livelihood as an entrepreneur and the only thing he knows is to create a business. If he is not allowed to be a director or officer, he submits that he will be unable to make a living. He submits that any ban prohibiting him from acting as a director or officer be limited to six months and that his share of administrative penalties should not exceed \$100,000.
- [50] While this Tribunal may consider a respondent's inability to pay when imposing financial sanctions, unsupported assertions of impecuniosity are insufficient to meet the high evidentiary burden required.¹⁴ In this case, Hyams filed no evidence to support his inability to pay, nor for his claim that he needs an extremely limited director and officer ban to make a living. Granting his requests for reduced sanctions without a proper evidentiary basis would undermine the fundamental objectives of sanctioning.
- [51] As mentioned, Kung and Tam seek to continue in their present roles as directors of the company. Neither Kung nor Tam proposes specific alternatives to the other sanctions the Commission seeks.
- [52] We note that sanctions under the *Act* may have severe consequences for the Individual respondents. However, the protection of the investing public and the preservation of confidence in the capital markets must prevail over the hardship imposed on wrongdoers. The broader public interest requires that sanctions act

¹⁴ *Solar Income Fund Inc (Re)*, 2023 ONCMT 3 (***Solar Income Fund***) at paras 70, 76-79, 80-85; *Paramount Equity Financial Corporation (Re)*, 2023 ONCMT 20 (***Paramount***) at para 94; *First Global Data Ltd (Re)*, 2023 ONCMT 25 at paras 183-191

as an effective deterrent, ensuring that others are discouraged from similar misconduct. The regulatory regime prioritizes safeguarding the public over the private consequences to respondents.

3.2 Administrative penalty

- [53] The Commission submits that the administrative penalties we order against the Individual respondents should distinguish between Kung, Tam and Hyams in a manner that reflects that Kung has the greatest level of culpability, then Tam, and then Hyams. The Commission submits that distinctions should be drawn on the basis that Kung and Tam had greater roles in advancing the Share Purchase Transaction, they were both Commission registrants, they received the bulk of the benefits that flowed from the conversion of preferred shares in the form of salaries and bonuses, and their misconduct was heightened by their interactions with the purchaser, Dan Davison, who they knew to be vulnerable.
- [54] Determining an appropriate administrative penalty is not a science. As a starting point, we find that the administrative penalties requested by the Commission are excessive and disproportionate to the misconduct in this case, and while we agree that we ought to distinguish between the Individual respondents, we are not prepared to do so to the Commission's extent or for all its reasons.
- [55] We have already stated we do not accept the Commission's submission that the respondents were personally enriched by their misconduct. We also do not accept that the Individual respondents' different roles in the Share Purchase Transaction is a distinguishing factor. The misconduct was not the Transaction itself, but the fraudulent disclosure about it in the Notice. We do consider that only Kung knew that the Share Purchase Transaction was non-arm's length.¹⁵ We note that although Hyams was the CEO of TeknoScan, unlike Kung and Tam he was not previously a Commission registrant. We also note that both Kung and Tam have not taken responsibility for their misconduct, whereas Hyams has. Moreover, Kung and Tam have actively challenged and sought to revisit the Merits Decision findings.

¹⁵ Merits Decision at para 196

- [56] The Commission seeks a joint and several administrative penalty of \$600,000 against TeknoScan and the Individual respondents to prevent sanctions from becoming unduly onerous for the company and adversely affecting its shareholders. We agree that the administrative penalty against TeknoScan should not unduly affect the shareholders. However, we are not persuaded there is good reason to make any of the administrative penalties joint and several.
- [57] The factors discussed in these reasons, as well as the sanctions imposed in the cases cited to us,¹⁶ which are helpful but not determinative, inform the quantum of administrative penalties we impose. We will order administrative penalties of \$150,000 against TeknoScan, \$450,000 against Kung, \$350,000 against Tam and \$250,000 against Hyams. We believe that these penalties, together with the market participation bans discussed below, achieve both specific and general deterrence. It is not necessary or in the public interest to impose administrative penalties at the high end of the spectrum. These amounts reflect the respondents' differing culpability, the other factors that distinguish the Individual respondents, and the potential impact on TeknoScan's shareholders.

3.3 Director and officer prohibitions and other market participation bans

- [58] It must be remembered that participation in Ontario's capital markets is not a right. It is a privilege that is appropriately removed when individuals engage in conduct that breaches the *Act* and causes damage to investors and to the integrity of the capital markets. We repeat that the broader public interest requires that sanctions act as an effective deterrent to ensure that others are discouraged from similar misconduct.
- [59] We will order the director and officer bans and the other market participation bans that the Commission has sought.

3.4 Costs

- [60] The Commission seeks total costs and disbursements of \$572,948.75 payable jointly and severally by the respondents. The Commission arrives at this figure

¹⁶ *Solar Income Fund* at paras 112-125; *Rezwealth Financial Services Inc (Re)*, 2014 ONSC 18 at paras 107-109; *Maple Leaf Investment Fund Corp (Re)*, 2012 ONSC 8 at paras 38-44; *2196768 Ontario Ltd (Rare Investments) (Re)*, 2015 ONSC 9 at paras 54-59; *Phillips (Re)*, 2015 ONSC 36 at paras 58-69; *Feng* at paras 75-81; *Paramount* at paras 113-115

after eliminating duplication arising from Commission staffing changes. The Commission's affidavit supporting its costs claim does not indicate that a reduction was made to reflect the dismissal of the Commission's s. 122 allegations against Kung and Hyams and its s. 126.2(1) allegations against the Individual respondents. We have reduced costs further because the Commission failed to establish these allegations. We have also reduced costs to reflect that the Merits panel declined to make numerous factual findings that the Commission urged the panel to make as part of the Commission's fraud and misrepresentation allegations.

[61] In light of these matters, we find a total of \$400,000 is an appropriate award for the Commission's costs and disbursements. Due to our concern for the financial impact on TeknoScan's shareholders, we order that \$100,000 of this amount is payable by TeknoScan, and the remaining \$300,000 payable jointly and severally by the Individual respondents.

4. CONCLUSION

[62] For the above reasons, we order that:

- a. pursuant to paragraphs 2 and 2.1 of s. 127(1) of the *Act*:
 - i. TeknoScan, Kung and Tam shall cease trading in or acquiring any securities, permanently; and
 - ii. Hyams shall cease trading in or acquiring any securities, for a period of 20 years;
- b. pursuant to paragraph 3 of s. 127(1) of the *Act*:
 - i. any exemptions contained in Ontario securities law shall not apply to Kung, Tam and TeknoScan, permanently; and
 - ii. any exemptions contained in Ontario securities law shall not apply to Hyams for a period of 20 years;
- c. pursuant to paragraphs 7, 8.1 and 8.3 of s. 127(1) of the *Act*, Kung, Tam and Hyams shall resign from any positions they hold as directors or officers of any issuer, registrant or investment fund manager;

- d. pursuant to paragraphs 8, 8.2 and 8.4 of s. 127(1) of the *Act*, Kung, Tam and Hyams are prohibited permanently from becoming or acting as directors or officers of any issuer, registrant or investment fund manager;
- e. pursuant to paragraph 8.5 of s. 127(1) of the *Act*, Kung, Tam and Hyams are prohibited permanently from becoming or acting as registrants, investment fund managers or promoters;
- f. pursuant to paragraph 9 of s. 127(1) of the *Act*:
 - i. TeknoScan shall pay to the Commission an administrative penalty of \$150,000;
 - ii. Kung shall pay to the Commission an administrative penalty of \$450,000;
 - iii. Tam shall pay to the Commission an administrative penalty of \$350,000; and
 - iv. Hyams shall pay to the Commission an administrative penalty of \$250,000; and
- g. pursuant to s. 127.1 of the *Act*:
 - i. TeknoScan shall pay to the Commission \$100,000 for the costs of the investigation and proceeding; and
 - ii. Kung, Tam and Hyams shall pay to the Commission \$300,000 for the costs of the investigation and proceeding, for which amount they shall be jointly and severally liable.

Dated at Toronto this 14th day of October, 2025

"Andrea Burke"

Andrea Burke

"Cathy Singer"

Cathy Singer

"Russell Juriansz"

Russell Juriansz