

AMENDED SUPPLEMENTAL TO MOTION 1

REQUEST FOR TRIBUNAL-DIRECTED INDEPENDENT INVESTIGATION

Internet Sciences Inc. v. Canadian Securities Exchange

[This Amended Supplemental corrects the legal authority citations in paragraph 1 of the previously filed Supplemental to Motion 1. The substance of the request remains unchanged.]

INTRODUCTION

1. The Applicant, Internet Sciences Inc., files this supplemental request pursuant to:
 - (a) **Section 8(3) of the *Securities Act*, R.S.O. 1990, c. S.5**, which provides that on a review, "the Tribunal may confirm, vary, or set aside the decision under review," and by necessary implication may obtain information necessary to make such determination;
 - (b) **Rule 3.1 of the *Capital Markets Tribunal Rules of Procedure and Forms***, which provides that "The Tribunal may, on its own motion or at the request of any party, at any time give directions as are, in the opinion of the Tribunal, necessary for a fair hearing";
 - (c) **Rule 1.4 of the *Capital Markets Tribunal Rules of Procedure and Forms***, which requires that "The Tribunal shall conduct all hearings fairly, informally and expeditiously"; and
 - (d) **Rule 4.1 of the *Capital Markets Tribunal Rules of Procedure and Forms***, which ensures parties are entitled to full disclosure of relevant information.
 2. This request is made concurrently with Motion 1 (Institutional Conflict and Procedural Fairness) and arises from concerns about potential undisclosed influences on the CSE's decision-making process that go to the heart of procedural fairness.
 3. **The Applicant cannot seek OSC investigation** of these matters because, at the November 25, 2025 Case Management Conference, OSC legal counsel consistently aligned with CSE external counsel on procedural and scheduling matters, demonstrating that the OSC cannot be viewed as an independent investigative body in this proceeding.
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REQUEST FOR TRIBUNAL-DIRECTED INVESTIGATION

4. The Applicant respectfully requests that the **Capital Markets Tribunal**, pursuant to its powers under **Section 8(3) of the *Securities Act*** and **Rule 3.1 of the Tribunal Rules**, either:

Option A: Direct its own staff or registrar to conduct confidential inquiries into the CSE staff's handling of the Applicant's listing application; OR

Option B: Appoint an independent third party (such as a retired judge, experienced securities counsel not affiliated with CSE or OSC, or other neutral investigator) to conduct such inquiries and report findings to the Tribunal.

5. The investigation should include, to the extent the Tribunal has investigative tools and powers available:

(a) **Confidential interviews or written inquiries** with CSE personnel who participated in or had knowledge of the Applicant's listing application review, including: - Members of CSE Listing Staff who reviewed or made recommendations regarding the Applicant's application; - Lawyers in the CSE Office of Chief Legal Counsel (Tracey Stern's office) who advised Listing Staff or the Appeal Board Panel; - Administrative staff who may have knowledge of communications or decision-making processes; - Any CSE personnel who had contact with or knowledge of **Michael Blaustein's** involvement or interest in the Applicant's file;

(b) **Request for production** of internal CSE documents, including: - Internal communications, emails, memoranda, and meeting notes relating to the Applicant's listing application; - Any communications between CSE Board members (including Michael Blaustein) and CSE staff regarding the Applicant; - Documentation of conflict of interest reviews conducted (if any); - Minutes of any Board meetings where the Applicant was discussed;

(c) **Assessment** of whether CSE's internal conflict of interest protocols were followed in this case.

6. The purpose of this investigation is to:

(a) Determine whether Michael Blaustein, as a current member of the CSE Board of Directors and former corporate counsel to the Applicant, directly or indirectly influenced the staff assessment, recommendations, or decisions regarding the Applicant's listing application;

(b) Ascertain whether CSE staff were aware of Mr. Blaustein's prior relationship with the Applicant and whether appropriate conflict protocols were followed;

- (c) Determine whether any communications, formal or informal, occurred between Mr. Blaustein and CSE staff regarding the Applicant;
 - (d) Assess whether CSE staff felt any pressure, implicit or explicit, regarding the handling of the Applicant's file;
 - (e) Determine whether Tracey Stern's Office of Chief Legal Counsel maintained appropriate independence when advising both the initial decision-makers (Listing Staff) and the appellate body (Appeal Board);
 - (f) Ensure procedural fairness and transparency in the decision-making process;
 - (g) Provide the Tribunal with complete information necessary to determine whether the CSE decisions under review were compromised by institutional conflicts.
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GROUNDS FOR REQUEST

A. Michael Blaustein's Prior Relationship with Applicant

- 7. **Michael Blaustein** previously served as corporate counsel to Internet Sciences Inc. through his law firm, Corporate Counsel USA P.L.L.C., and had direct knowledge of:
 - (a) The Applicant's corporate structure and capitalization;
 - (b) The Applicant's business operations and strategic plans;
 - (c) The Applicant's financing history and shareholder composition;
 - (d) Confidential legal and business information.
- 8. Mr. Blaustein is currently a member of the **CSE Board of Directors**.
- 9. The Applicant was not informed of Mr. Blaustein's Board position during the listing application process, nor was the Applicant asked whether it consented to Mr. Blaustein's participation in any Board-level oversight or governance affecting the Applicant's application.

B. Institutional Structure Creates Conflict

- 10. As detailed in Motion 1, **Tracey Stern** and the **Office of Chief Legal Counsel** advised both:
 - o CSE Listing Staff at the initial decision level; AND
 - o The CSE Appeal Board Panel at the appellate level.
- 11. This institutional structure creates an inherent conflict where the legal advisor to the initial decision-maker also advises the body reviewing that decision.
- 12. When combined with a Board member's (Mr. Blaustein's) prior representation of the Applicant, this creates multiple layers of potential conflict that require independent investigation.

C. Unusual Timeline Manipulation Suggests Possible Influence

13. As detailed in Motion 2, CSE staff **falsified the application timeline**, claiming the application began "end of November 2024" when documentary evidence proves it began **August-September 2024**.
14. This timeline manipulation:
 - Concealed that no prospectus existed when the application was submitted;
 - Hid CSE staff's violation of CSE Policy 2 (April 3, 2023 amendment requiring prospectus at eligibility review stage);
 - Protected the Board member's law firm (Corporate Counsel USA P.L.L.C.) from scrutiny for submitting an incomplete application;
 - Created false grounds to attack replacement counsel (Segev LLP).
15. The sophisticated nature of this deception suggests possible coordination or influence beyond routine staff error.
16. The question arises: **Why would CSE staff falsify a timeline to protect a Board member's former law firm?** Independent investigation is necessary to answer this question.

D. Pattern of Institutional Alignment Demonstrated at Case Management Conference

17. At the November 25, 2025 Case Management Conference, **OSC legal counsel consistently sided with CSE external counsel** on every procedural and scheduling matter, including:
 - Opposing the Applicant's requested timeline for Motion 1 determination;
 - Supporting CSE's proposed extended timeline;
 - Aligning with CSE's procedural positions.
 18. This alignment demonstrates that the OSC cannot serve as an independent investigator in this matter, as the OSC's institutional interests appear aligned with the CSE's.
 19. **This is precisely why an independent, Tribunal-directed investigation is necessary** – the traditional regulatory oversight relationship between OSC and CSE cannot be relied upon to provide objective fact-finding in this case.
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TRIBUNAL'S AUTHORITY TO DIRECT INVESTIGATION

A. Section 8(3) Implies Necessary Information-Gathering Powers

20. **Section 8(3)** provides:

"On a review, the Tribunal may confirm, vary, or set aside the decision under review..."

21. To properly exercise this discretion, the Tribunal must be able to obtain **complete and accurate information** about:
 - Whether the decisions under review were compromised by conflicts of interest;
 - Whether CSE staff were influenced by Board-level relationships;
 - Whether the institutional structure created inherent bias;
 - Whether procedural fairness was denied at both decision levels.
22. The power to "confirm, vary, or set aside" a decision necessarily implies the power to investigate the circumstances surrounding that decision when fairness concerns are raised.

B. Rule 3.1 Authorizes Necessary Directions for Fair Hearing

23. **Rule 3.1** explicitly authorizes the Tribunal to "give directions as are, in the opinion of the Tribunal, necessary for a fair hearing."
24. Directing an investigation (either by Tribunal staff, registrar, or independent appointee) into alleged institutional conflicts is precisely such a direction "necessary for a fair hearing."
25. Without such investigation, the Tribunal would be deciding the Section 8 review **in the dark** about whether:
 - The Appeal Board received independent legal advice;
 - Board members influenced staff decisions;
 - Conflict protocols were followed.

C. Tribunal's Broad Procedural Flexibility

26. **Rule 1.4** requires the Tribunal to "conduct all hearings fairly, informally and expeditiously."
27. The "informally" aspect grants the Tribunal flexibility to use procedures not explicitly enumerated in the Rules when fairness requires them.
28. Courts have consistently recognized that administrative tribunals have implied powers necessary to fulfill their statutory mandates. See *CUPE v. Ontario (Minister of Labour)*, 2003 SCC 29 at para 100:

"Administrative tribunals have the power to control their own process... This power is implied in their enabling legislation and is necessary to enable them to discharge their functions effectively."

PROCEDURAL FAIRNESS REQUIRES INDEPENDENT INVESTIGATION

29. The principles of procedural fairness established in *Baker v. Canada (Minister of Citizenship and Immigration)*, [1999] 2 S.C.R. 817, require:
 - The right to know the case against you;

- The right to respond to that case with complete information;
 - Decision-makers free from bias or reasonable apprehension of bias.
30. The Applicant cannot adequately defend against the CSE's decisions without knowing:
- Whether Mr. Blaustein influenced the process;
 - What CSE staff knew about his relationship with the Applicant;
 - Whether institutional pressures affected staff recommendations;
 - Whether Tracey Stern maintained independence when advising both levels of decision-makers.
31. The requested investigation is the only means to obtain this information, as:
- CSE has not voluntarily disclosed any information about potential conflicts;
 - CSE staff are unlikely to testify honestly about Board influence without confidentiality protections and independent questioning;
 - Internal CSE communications are not accessible to the Applicant;
 - The OSC has demonstrated it cannot serve as an independent investigator.
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THIS IS NOT AN ACCUSATION - IT IS A TRANSPARENCY REQUEST

32. The Applicant emphasizes that this request does **not** assume wrongdoing.
33. Rather, it seeks to **verify** that the decision-making process was fair and untainted, which benefits all parties:
- If no improper influence occurred, the investigation confirms the integrity of CSE's process;
 - If improper influence did occur, the Tribunal can fashion appropriate remedies;
 - Either way, procedural fairness is served and public confidence in the review process is maintained.
34. Given that:
- A Board member previously represented the Applicant;
 - The same legal office advised at both decision levels;
 - The timeline was demonstrably falsified to protect that Board member's former firm;
 - The Applicant was denied listing based on disputed float calculations;
 - The OSC has aligned with CSE on procedural matters...

...a reasonable person would want independent confirmation that these decisions were made fairly and without improper influence.

35. **The appearance of fairness is as important as actual fairness.** Without independent investigation, the integrity of this entire review process is compromised.
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ALTERNATIVE FORMS OF INVESTIGATION

36. The Tribunal has several options for conducting this investigation, depending on the investigative tools and powers available to it:

Option A: Tribunal Registrar Investigation

- The Registrar could conduct confidential inquiries with CSE staff
- Report findings to the panel in camera for consideration
- Most efficient and least costly option

Option B: Independent Investigator Appointment

- The Tribunal appoints a retired judge or experienced securities counsel with no CSE/OSC connections
- Investigator given limited mandate to interview CSE staff and review documents
- Investigator reports findings to Tribunal
- Ensures complete independence and public confidence

Option C: Enhanced Document Production with Adverse Inferences

- If the Tribunal determines it lacks investigative powers, it can:
 - Order CSE to produce all internal communications under Rule 3.1
 - Order CSE to provide sworn affidavits from key personnel
 - Draw adverse inferences if CSE refuses or provides incomplete responses
 - Infer that institutional conflicts existed as alleged

37. The Applicant respectfully submits that **Option A or B** would provide the most reliable fact-finding, but **Option C** is available if the Tribunal determines it cannot conduct direct investigation.

MINIMAL BURDEN AND EFFICIENT PROCESS

38. The requested investigation would:

- Focus on a narrow set of questions about conflicts and influence;
- Involve confidential interviews with 5-10 CSE personnel at most;
- Require review of specific internal communications (not unlimited document review);
- Be completed within 2-4 weeks;
- Protect CSE staff confidentiality while ensuring truthful responses.

39. This modest investment of resources is justified by:

- The seriousness of the institutional conflict allegations;
- The need for public confidence in self-regulatory organizations;
- The Tribunal's obligation to ensure procedural fairness;

- The fact that the entire Section 8 review may be fundamentally compromised without these answers.

CONCLUSION

40. The requested Tribunal-directed investigation is necessary to ensure:
 - A fair hearing for the Applicant;
 - Transparency in CSE's decision-making process;
 - Public confidence in self-regulatory organizations;
 - That the Tribunal has complete information to properly exercise its review powers under Section 8;
 - That the appearance of fairness is maintained where the OSC cannot serve as an independent investigator.
41. The investigation can be conducted confidentially and efficiently, with findings reported to the Tribunal on a timeline consistent with the Section 8 review schedule.
42. The Applicant is prepared to cooperate fully with any investigation, abide by appropriate confidentiality requirements, and accept whatever findings emerge from an independent inquiry.
43. **Without such investigation, this Section 8 review will proceed with fundamental questions about procedural fairness unanswered, potentially rendering the entire process unreliable and the Tribunal's ultimate decision vulnerable to further challenge.**

RELIEF REQUESTED

The Applicant requests that the Tribunal:

1. **Direct an independent investigation** (through Tribunal staff, registrar, or independent appointee) into the matters outlined above;
2. **In the alternative**, order CSE to produce all internal communications and provide sworn affidavits from key personnel, with adverse inferences to be drawn from any refusal;
3. **Stay the Section 8 review** pending completion of the investigation, as the Tribunal cannot fairly assess the CSE decisions without knowing whether they were compromised by institutional conflicts;
4. **Grant any other relief** that the Tribunal considers just and appropriate in the circumstances.

LEGAL AUTHORITIES

The Applicant relies on:

Legislation:

- *Securities Act*, R.S.O. 1990, c. S.5, s. 8(3)

Capital Markets Tribunal Rules:

- Rule 1.4 (Fair Hearing Principle)
- Rule 3.1 (General Powers and Directions)
- Rule 4.1 (Full Disclosure)

Case Law:

- *CUPE v. Ontario (Minister of Labour)*, 2003 SCC 29 (implied powers of administrative tribunals)
- *Committee for Justice and Liberty v. National Energy Board*, [1978] 1 S.C.R. 369 (reasonable apprehension of bias test)
- *Baker v. Canada (Minister of Citizenship and Immigration)*, [1999] 2 S.C.R. 817 (procedural fairness principles)
- *R. v. S. (R.D.)*, [1997] 3 S.C.R. 484 (reasonable apprehension of bias in decision-making)
- *Ocean Port Hotel Ltd. v. British Columbia (General Manager, Liquor Control and Licensing Branch)*, 2001 SCC 52 (independence of administrative tribunals)

DATED at Peekskill, New York this 26th day of November, 2025.

/s/ **Lynda Chervil**

LYNDA CHERVIL

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TO:

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Attention: Registrar

AND TO:

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Attention: Andrew McCoomb, Senior Litigation Counsel

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