BETWEEN:

ONTARIO SECURITIES COMMISSION

(Applicant)

– and –

CLAYTON SMITH

(Respondent)

APPLICATION FOR ENFORCEMENT PROCEEDING

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

A. OVERVIEW

1. In response to breaches of Ontario securities law, the Capital Markets Tribunal (the **Tribunal**) may impose restrictions on respondents to protect Ontario investors and capital markets. These restrictions often include bans from acting as directors or officers of issuers. It is critical to fostering fair and efficient capital markets and confidence in capital markets that persons and companies comply with all terms and conditions of the Tribunal's orders, including these bans.

2. Clayton Smith contravened Ontario securities law by failing to comply with a director and officer ban imposed in a Tribunal order dated June 14, 2018 (the **June 2018 Order**). The June 2018 Order required Smith to resign from any positions he held as a director or officer of any issuer and permanently prohibited him from becoming or acting as an officer or director of any issuer. Smith remained a director and officer of two non-reporting issuers in contravention of the director and officer ban. A prohibition from acting as a director or officer of an issuer applies to any issuer, not just reporting issuers.

3. This is a serious breach of Ontario securities law. When persons disregard the restrictions imposed on them by orders of the Tribunal, this undermines investor confidence and the fairness and efficiency of the capital markets.

B. GROUNDS

The Ontario Securities Commission (the **Commission**) makes the following allegations of fact:

4. Smith is a resident of Burlington, Ontario.

5. Smith was a respondent in *Smith (Re),* file number 2018-35. On June 14, 2018, the Tribunal made the June 2018 Order. Among other things, the June 2018 Order required Smith to resign from any positions he held as a director or officer of any issuer and permanently prohibited him from becoming or acting as a director or officer of any issuer (**D&O Ban**).

6. Smith became a director and officer of CLJ Everest Ltd. (**CLJ Everest**) on March 31, 1998. CLJ Everest was incorporated in Ontario on the same date. Smith remained a director and officer of CLJ Everest after the June 2018 Order.

7. Smith became a director of Crystal Wealth Management System Limited (**Crystal Wealth**) on March 31, 1998. Crystal Wealth was incorporated in Ontario on the same date. Smith further became an officer of Crystal Wealth on February 16, 2004. Smith remained a director and officer of Crystal Wealth after the June 2018 Order.

8. The two corporations are issuers within the meaning of the *Securities Act*, R.S.O. 1990, c. S.5 (the **Act**).

9. Smith resigned from his positions as a director and officer of CLJ Everest and Crystal Wealth on July 21, 2026.

10. Smith failed to comply with the D&O Ban for over eight years.

C. BREACH OF ONTARIO SECURITIES LAW

The Commission alleges the following breach of Ontario securities law:

11. By remaining a director and officer of the two issuers after the June 2018 Order, Smith breached the D&O Ban and acted contrary to the Order and did, thereby, contravene Ontario securities law, and it is in the public interest to issue an order pursuant to section 127 of the Act.

D. ORDER SOUGHT

12. The Commission requests that the Tribunal make the following orders:

(a) Smith shall resign any positions that he holds as a director or officer of any issuer, pursuant to paragraph 7 of subsection 127(1) of the Act;

(b) Smith shall pay an administrative penalty of not more than $5 million for failure to comply with Ontario securities law, pursuant to paragraph 9 of subsection 127(1) of the Act;

(c) Smith shall pay costs of the Commission's investigation and the hearing, pursuant to section 127.1 of the Act; and

(d) such other order as the Tribunal considers appropriate in the public interest.

DATED this 11th day of November, 2026.

ONTARIO SECURITIES COMMISSION
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