BETWEEN:

ONTARIO SECURITIES COMMISSION

(Applicant)

- and -

ANTONY KIN SAN CHAU and BENEFITONE CORP.

(Respondents)

APPLICATION FOR ENFORCEMENT PROCEEDING

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

A. OVERVIEW

1. The registration and prospectus requirements are cornerstones of Ontario's securities regulatory framework and serve an important investor protection purpose. Antony Kin San Chau (**Chau**) and his company, BenefitOne Corp. (**BenefitOne**), committed serious breaches of these requirements.

2. Chau also breached the suitability obligations imposed on "registrants" under Ontario securities law while engaging in the business of advising with respect to investing in, buying or selling securities. Alternatively, Chau engaged in conduct contrary to the public interest, by providing investors unsuitable securities investment advice.

3. These are serious breaches of Ontario securities law and conduct contrary to the public interest, which resulted in investor losses. Through his conduct as set out below, Chau has demonstrated that he is unfit to participate in Ontario's capital markets.

4. Protective and preventive orders are necessary and in the public interest to protect investors and the integrity of Ontario's capital markets by restraining Chau's ability to participate in the capital markets, and to deter Chau and others from potential future conduct detrimental to the capital markets and prejudicial to the public interest.

B. GROUNDS

The Commission makes the following allegations of fact:

I. The Respondents

a. Chau

5. Chau is an Ontario resident. He was registered in accordance with Ontario securities law from approximately 1995 to February 28, 2021.

6. In September 2009, Chau formed TeamMax Investment Corp. (**TeamMax**), which was registered as a mutual fund dealer. Chau was TeamMax's controlling shareholder, an officer and the sole director until January 29, 2021, the day after the Mutual Fund Dealers Association approved a transfer of ownership of TeamMax from Chau to another person. While at TeamMax, at various times, Chau held various roles requiring individual registration, including "dealing representative", "chief compliance officer" and "ultimate designated person".

7. Chau's registration ceased on March 1, 2021, shortly after he resigned from his role as a dealing representative of TeamMax. Chau did not become registered again at any time after that date.

b. BenefitOne

8. BenefitOne was incorporated in January 2007 under the laws of Ontario. BenefitOne has never been registered in accordance with Ontario securities law. Chau has been a director and an officer of BenefitOne since its formation. Chau is BenefitOne's sole beneficial owner. Between at least March 1, 2021 and January 31, 2026, Chau was BenefitOne's directing mind.

II. Chau and BenefitOne breached the registration requirements under Ontario securities law

a. Introduction

9. Between approximately March 1, 2021 and January 31, 2026, Chau and BenefitOne engaged in a course of conduct involving repeated non-compliance with the registration requirements.

10. This course of conduct involved two categories of activities requiring registration under the "adviser" and "dealer" categories, respectively:

(a) engaging in, or holding oneself out as engaging in, the business of advising with respect to investing in, buying or selling securities (for ease of reference, this activity is referred to in this Application as "**advising**"); and

(b) engaging in, or holding oneself out as engaging in, the business of trading in securities (for ease of reference, this activity is referred to in this Application as "**dealing**").

11. While engaging in the course of conduct described below, Chau and BenefitOne expected to receive, and did receive, financial benefits.

b. Chau and BenefitOne's activities requiring registration

i. Background

12. In or around March 2021, Chau distributed, or caused others to distribute, consent forms to some of his former clients at TeamMax to authorize the transfer of the clients' accounts to a Québec-based group of firms, including WhiteHaven Securities Inc. and WhiteHaven Asset Management Inc. (together, **WhiteHaven**), each of which was then registered in Ontario. Those consent forms contained the statement that Chau, "will become a dealer representative for WhiteHaven." However, Chau did not become registered again in Ontario after March 1, 2021 with WhiteHaven as his sponsoring firm.

ii. Chau's non-compliant advising

13. Beginning in approximately August 2021, despite not being registered, Chau began advising investors to invest in securities that could, in certain circumstances, be offered without a prospectus under Ontario securities law (**Exempt Securities**), including by opining on the merits or wisdom of investing in specific Exempt Securities.

14. During approximately August 2021, Chau discussed Exempt Securities with Investor 1, and separately with Investors 2 and 3 (who are spouses), all of whom were Chau's former clients at TeamMax. Chau had earlier represented to these investors that he would be moving to WhiteHaven. Prior to August 2021, these investors had all transferred, or were in the process of transferring, their investment accounts from TeamMax to WhiteHaven.

15. In approximately August 2021, Investors 1, 2 and 3 all understood, from Chau's representations and conduct, that they had transferred their investment accounts from TeamMax to WhiteHaven to remain clients of Chau, and that Chau was their adviser at WhiteHaven.

16. Chau advised Investors 1, 2 and 3 to invest in Exempt Securities throughout the period from approximately August 2021 through to approximately August 2023.

17. During the period from approximately October 2021 through May 2022, Investor 1 directly purchased Exempt Securities on Chau's advice in primary offerings, through WhiteHaven.

18. In approximately October 2022 and again in approximately July 2023, Chau advised Investor 1 to purchase Exempt Securities from a selling security holder in secondary market securities transactions. Investor 1 completed three such purchases on Chau's advice, two in November 2022 and one in July 2023.

19. During the period from approximately September 2021 through March 2023, Investors 2 and 3, directly or indirectly, purchased Exempt Securities on Chau's advice in primary offerings, through WhiteHaven.

20. In approximately July and October 2022, and again in approximately July 2023, Chau advised Investors 2 and 3 to purchase Exempt Securities from selling security holders.

21. Investor 2 completed two such purchases on Chau's advice, one in August 2022 and the other in August 2023. Investor 3 completed one such purchase on Chau's advice in October 2022. In providing advice to Investors 2 and 3, Chau opined on the wisdom or merits of purchasing Exempt Securities in secondary market transactions, including by comparing the selling price to the value or market price of a security.

iii. Chau and BenefitOne's non-compliant dealing

22. In addition to advising Investors 1, 2 and 3 to purchase Exempt Securities, Chau and BenefitOne also engaged in non-compliant dealing, by repeatedly acting in furtherance of

secondary market trades, while not registered. Chau presented Investors 1, 2 and 3 opportunities to purchase Exempt Securities from selling security holders whom Chau sourced. Chau provided, or caused others to provide, transactional documents to Investors 1, 2 and 3 for them to sign, including purchase and transfer agreements.

23. Several investors other than Investors 1, 2 and 3 also purchased Exempt Securities in secondary market transactions where Chau similarly acted in furtherance of trades by sourcing the selling security holder and matching the buyer with the seller.

24. Chau and BenefitOne expected to receive, and did receive, compensation. In total, Chau, directly or indirectly through BenefitOne, received compensation of at least $436,000 from investors. This figure includes payments to BenefitOne of approximately $88,000 by Investor 1, and $125,000 by Investor 2, among other payments to Chau or to BenefitOne.

25. Moreover, as described more fully below, Chau and BenefitOne engaged in a distinct course of conduct involving dealing in BenefitOne's own securities contrary to the registration requirements. Additionally, these trades also constituted "distributions" which did not comply with the prospectus requirement.

III. Chau and BenefitOne dealt in BenefitOne's securities and made unlawful distributions of securities

a. The BenefitOne transactions

26. During the period from approximately October 2021 to August 2024, Chau and BenefitOne engaged in a course of conduct involving transactions with investors, with the following general structure:

(a) investors paid money to BenefitOne;

(b) BenefitOne pooled investors' money in its bank or brokerage accounts;

(c) Chau identified investment opportunities for the investors' pooled money;

(d) Chau caused BenefitOne to invest the investors' money by purchasing securities issued by third parties, or otherwise by providing investors' money to third parties, including a company related to Chau, for the purpose of an investment;

(e) BenefitOne paid amounts to investors; and

(f) BenefitOne obtained financial benefits from this activity.

27. Chau promoted the transactions described above to investors as a way for investors to obtain profits. Chau met with investors, many of them former clients of TeamMax, and presented them the opportunity to enter the transactions described above.

28. The arrangement or relationship between BenefitOne and each investor who entered a transaction of the type described above gave rise to a security within the meaning of subsection 1(1) of the *Securities Act*.

29. Chau and BenefitOne raised at least $3 million from at least 25 investors by entering the transactions described above with investors.

30. In entering these transactions, Chau and BenefitOne engaged in the business of trading in securities issued by BenefitOne.

31. When, as part of these transactions, BenefitOne pooled investors' money and used it to purchase securities of third-party issuers, it did so in its own name. When BenefitOne held

securities purchased with pooled investors' money in brokerage accounts, it held itself out as having sole legal and beneficial ownership over those brokerage accounts.

32. Investors depended upon Chau's expertise in identifying the underlying investment opportunities, and the expertise of the managers of the underlying investments, as part of the transactions described above.

b. Chau and BenefitOne obtained financial benefits

33. Chau and BenefitOne expected to benefit financially, and did in fact benefit financially, as a result of the above conduct. Chau and BenefitOne obtained financial benefits through pooling investors' money for investment. Those financial benefits included obtaining the net spread between the income BenefitOne received on investments it made with investors' money after paying out amounts to the investors.

c. Chau and BenefitOne unlawfully distributed BenefitOne's securities

34. Each time BenefitOne entered a transaction as described at paragraph 26, above, with an investor, it traded a BenefitOne-issued security that had not previously issued. Each of these trades was a "distribution" within the meaning of subsection 1(1) of the *Securities Act*.

35. However, BenefitOne has never filed a preliminary prospectus, or a prospectus, with the Commission.

36. Consequently, BenefitOne distributed securities contrary to the prospectus requirement.

IV. Chau authorized, permitted or acquiesced in BenefitOne's non-compliance with Ontario securities law

37. Chau, while a director and an officer of BenefitOne, authorized, permitted or acquiesced in BenefitOne's non-compliance with Ontario securities law described above. Consequently,

section 129.2 of the *Securities Act* deems Chau to also have not complied with Ontario securities law.

V. Chau failed to determine that the securities he advised Investors 1, 2 and 3 to purchase were suitable for them

38. This case highlights the importance of the ongoing obligations that Ontario securities law sets out for registrants, and why it is important that those who provide advice with respect to investing in, buying or selling securities be registered, and that they act on behalf of a duly registered sponsoring firm, in accordance with Ontario securities law.

39. At all times when Chau advised Investors 1, 2 and 3 with respect to securities, Chau was a "registrant" within the meaning of subsection 1(1) of the *Securities Act*.

40. Chau failed to adequately inform Investors 1, 2 and 3 about the underlying risks associated with the Exempt Securities he advised them to purchase, which included the following:

(a) risks relating to valuation of each Exempt Security's underlying investments;

(b) liquidity risk;

(c) concentration risk, as many of the Exempt Securities concentrated their investments in a particular company; and

(d) idiosyncratic risks specific to each Exempt Security.

41. Chau recommended that Investors 1, 2 and 3 increasingly concentrate their investment portfolios in Exempt Securities, without taking proper account of these investors' respective risk tolerance, investment objectives, investment knowledge, age, income or net worth. Further, nearly

all the issuers of the Exempt Securities that Chau advised Investors 1, 2 and 3 to invest in were related or connected to a single registrant, WhiteHaven.

42. During the period from approximately October 2021 to approximately August 2022, Chau advised Investor 1 to increase their exposure to Exempt Securities and, by August 2022, Exempt Securities made up nearly 100% of Investor 1's net financial assets. During the period from approximately September 2021 to approximately August 2023, Chau advised Investors 2 and 3 to increase their exposure to Exempt Securities. By August 2023, Exempt Securities made up nearly 100% of Investors 2 and 3's net financial assets.

43. Recent events have revealed the risk and unsuitability of Chau's advice. Québec's securities regulatory authority, the Autorité des marchés financiers (the **AMF**), is the principal regulator of WhiteHaven. In September 2024, the Superior Court of Québec, at the AMF's request, appointed a receiver to manage the affairs of WhiteHaven and several issuers related or connected to it, including some of the issuers of the Exempt Securities that Chau advised Investors 1, 2 and 3 to purchase.

44. As part of the receivership process, the values of some of the Exempt Securities Chau advised Investors 1, 2 and 3 to purchase have been revised downward from the time these investors purchased them. The effect of diminished investment values caused Investors 1, 2 and 3 to suffer financial and personal hardships.

C. BREACHES AND OTHER BASES FOR THE ORDER SOUGHT

I. Breaches of Ontario securities law

45. The Commission alleges the following breaches of Ontario securities law:

(a) Chau engaged in, or held himself out as engaging in, the business of advising with respect to investing in, buying or selling securities without being registered in accordance with Ontario securities law, contrary to subsection 25(3) of the *Securities Act*;

(b) Chau engaged in, or held himself out as engaging in, the business of trading in securities without being registered in accordance with Ontario securities law, contrary to subsection 25(1) of the *Securities Act*;

(c) BenefitOne engaged in, or held itself out as engaging in, the business of trading in securities without being registered in accordance with Ontario securities law, contrary to subsection 25(1) of the *Securities Act*;

(d) Chau distributed securities of BenefitOne without a filed and receipted prospectus and preliminary prospectus, contrary to subsection 53(1) of the *Securities Act*;

(e) BenefitOne distributed securities of BenefitOne without a filed and receipted prospectus and preliminary prospectus, contrary to subsection 53(1) of the *Securities Act*;

(f) Chau, while a director and an officer of BenefitOne, authorized, permitted or acquiesced in BenefitOne's breaches of Ontario securities law and is therefore deemed also not to have complied with Ontario securities law, pursuant to section 129.2 of the *Securities Act*; and,

(g) Chau failed to determine that the securities he advised Investors 1, 2 and 3 to purchase were suitable, contrary to section 13.3 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*.

46. These allegations may be amended, and further and other allegations may be added as counsel may advise, and the Tribunal may permit.

II. Conduct contrary to the public interest

47. In the alternative to the breach of Ontario securities law described at paragraphs 39-42, above, Chau engaged in conduct contrary to the public interest by advising Investors 1, 2 and 3 to invest nearly all their net financial assets into Exempt Securities. Such conduct may form the basis for protective and preventive orders in the public interest.

D. ORDERS SOUGHT

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

(a) that all trading in securities or derivatives by Chau cease permanently or for such period as is specified by the Tribunal, pursuant to paragraph 2 of subsection 127(1) of the *Securities Act*;

(b) that all trading in securities or derivatives by BenefitOne cease permanently or for such period as is specified by the Tribunal, pursuant to paragraph 2 of subsection 127(1) of the *Securities Act*;

(c) that Chau be prohibited from acquiring any securities permanently or for such period as is specified by the Tribunal, pursuant to paragraph 2.1 of subsection 127(1) of the *Securities Act*;

(d) that BenefitOne be prohibited from acquiring any securities permanently or for such period as is specified by the Tribunal, pursuant to paragraph 2.1 of subsection 127(1) of the *Securities Act*;

(e) that any exemption contained in Ontario securities law not apply to Chau permanently or for such period as is specified by the Tribunal, pursuant to paragraph 3 of subsection 127(1) of the *Securities Act*;

(f) that any exemption contained in Ontario securities law not apply to BenefitOne permanently or for such period as is specified by the Tribunal, pursuant to paragraph 3 of subsection 127(1) of the *Securities Act*;

(g) that Chau pay an administrative penalty of not more than the applicable maximum administrative penalty for each failure to comply with Ontario securities law, pursuant to paragraph 9 of subsection 127(1) of the *Securities Act*;

(h) that BenefitOne pay an administrative penalty of not more than the applicable maximum administrative penalty for each failure to comply with Ontario securities law, pursuant to paragraph 9 of subsection 127(1) of the *Securities Act*;

(i) that Chau disgorge to the Commission any amounts obtained as a result of non-compliance with Ontario securities law, pursuant to paragraph 10 of subsection 127(1) of the *Securities Act*;

(j) that BenefitOne disgorge to the Commission any amounts obtained as a result of non-compliance with Ontario securities law, pursuant to paragraph 10 of subsection 127(1) of the *Securities Act*;

(k) that Chau pay the costs of the investigation and the hearing, pursuant to section 127.1 of the *Securities Act*;

(l) that BenefitOne pay the costs of the investigation and the hearing, pursuant to section 127.1 of the *Securities Act*;

(m) that Chau be reprimanded, pursuant to paragraph 6 of subsection 127(1) of the *Securities Act*;

(n) that Chau resign any position he may hold as a director or officer of any issuer, pursuant to paragraph 7 of subsection 127(1) of the *Securities Act*;

(o) that Chau be prohibited from becoming or acting as a director or officer of any issuer permanently or for such period as is specified by the Tribunal, pursuant to paragraph 8 of subsection 127(1) of the *Securities Act*;

(p) that Chau resign any position he may hold as a director or officer of any registrant, pursuant to paragraphs 8.1 and 8.3 of subsection 127(1) of the *Securities Act*;

(q) that Chau be prohibited from becoming or acting as a director or officer of any registrant permanently or for such period as is specified by the Tribunal, pursuant to paragraphs 8.2 and 8.4 of subsection 127(1) of the *Securities Act*;

(r) that Chau be prohibited from becoming or acting as a registrant or promoter permanently or for such period as is specified by the Tribunal, pursuant to paragraph 8.5 of subsection 127(1) of the *Securities Act*; and

(s) that BenefitOne be prohibited from becoming or acting as a registrant or promoter permanently or for such period as is specified by the Tribunal, pursuant to paragraph 8.5 of subsection 127(1) of the *Securities Act*; and

such further order as the Tribunal considers appropriate in the public interest.

November 19, 2026

ONTARIO SECURITIES COMMISSION
20 Queen Street West, 22nd Floor
Toronto, ON
M5H 3S8

Sean Grouhi
Litigation Counsel
Enforcement Division
Tel: (416) 602-8437
Email: sgrouhi@osc.ca