



Ontario  
Securities  
Commission

Commission des  
valeurs mobilières  
de l'Ontario

22<sup>nd</sup> Floor  
20 Queen Street West  
Toronto ON M5H 3S8

22e étage  
20, rue queen ouest  
Toronto ON M5H 3S8

**IN THE MATTER OF THE SECURITIES ACT  
R.S.O. 1990, c. S.5 AS AMENDED**

- and -

**IN THE MATTER OF 7997698 CANADA INC., carrying on business as  
INTERNATIONAL LEGAL AND ACCOUNTING SERVICES INC., WORLD  
INCUBATION CENTRE, or WIC (ON), JOHN LEE also known as CHIN LEE, and  
MARY HUANG also known as NING-SHENG MARY HUANG**

**STATEMENT OF ALLEGATIONS  
OF STAFF OF THE ONTARIO SECURITIES COMMISSION**

Staff of the Ontario Securities Commission (“Staff”) make the following allegations:

## A. Overview

1. During the period from October 17, 2011 until May 13, 2013, (the “Relevant Period”), 7997698 Canada Inc., carrying on business as International Legal and Accounting Services Inc. (“ILAS”), World Incubation Centre (“WIC”), and WIC (ON) (collectively, “799”), John Lee also known as Chin Lee (“Lee”), and Mary Huang also known as Ning-Sheng Mary Huang (“Huang”) (collectively, the “Respondents”) traded in securities without being registered contrary to subsection 25(1) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the “Act”), and/or acted in a manner that was contrary to the public interest.
  2. From Ontario, without being registered with the Ontario Securities Commission (the “Commission”) as was required, the Respondents solicited and sold shares of 799 to residents of the People’s Republic of China. In addition to investing in a business in Ontario, the documents related to the investment indicated that the investment could

qualify the investors to obtain permanent resident status in Canada through the investor stream of the Opportunities Ontario Provincial Nominee Program (“OPNP”).

**B. The Respondents**

3. 799 was incorporated on October 13, 2011 pursuant to the laws of Canada. 799’s registered office is in Welland, Ontario. ILAS, WIC, and WIC (ON) are some of the business names used by the Respondents for 799.
4. During the Relevant Period, Lee and Huang were Ontario residents. During the Relevant Period, Lee and Huang were directors and the directing minds of 799.

**C. Unregistered Trading**

5. 799 has never been a reporting issuer in Ontario and has never been registered with the Commission in any capacity. Lee and Huang have never been registered with the Commission in any capacity.
6. During the Relevant Period, from or in Ontario, the Respondents solicited, advertised, and sold securities of 799 to residents of the People’s Republic of China through the use of 799 sales agents and the 799 web page.
7. The Respondents or their agents provided investors with an immigration service agreement with ILAS, an offering memorandum, a subscription agreement for convertible preferred shares or common shares of 799, and, if they invested, a 799 share certificate.
8. The securities of 799 solicited and sold by the Respondents were common shares “series” in which each common share was marketed to be sold for \$1,000,000, and 799 preferred shares “series” in which each preferred share was marketed to be sold for \$150,000 or \$225,000.
9. The 799 offering memorandum indicated that, among other things, 799 would build a facility in Welland, Ontario, bring Chinese manufacturers to the facility so that they could market themselves directly to small to medium sized North American retailers,

provide adjacent space for the final stage of product assembly, and market the centre to small and medium sized retail businesses in Canada and the United States of America.

10. The shares issued by 799 are “securities” as defined in subsection 1(1) of the Act and, in particular, clauses (a), (b), (e), (g), (i), and/or (n) of that definition.
11. Through the Respondents’ conduct described above, 799 raised up to \$8.25 million from its investors – of which \$5.25 million to \$6.5 million went to bank accounts in Ontario and up to \$3 million went to banks in the People’s Republic of China. This amount was made up of at least thirty-five investors in 799 providing a \$150,000 investment, and at least twelve investors in 799 providing a \$250,000 investment with an additional \$750,000 provided by way of a loan commitment.
12. During the Relevant Period, 799 was in the business of selling securities to the public.

**D. Further Conduct Contrary to the Public Interest**

13. In addition, the Respondents failed to keep sufficient books and records in relation to the investor funds.
14. The Respondents failed to understand that the investments made in 799 did not meet the minimum threshold to qualify for nomination under the OPNP and were “immigration-linked investment schemes” prohibited by the applicable Immigration and Refugee Protection Regulations.
15. By way of a letter, dated May 30, 2014, OPNP denied 799’s application and found that the project was an “ineligible immigration-linked investment scheme”.
16. The Respondents represented to investors in the ILAS immigration services agreement, the 799 subscription agreement, and the 799 offering memorandum that, if its OPNP application was rejected, investors would be repaid within 90 days of the rejection. Not all investors in 799 have been repaid despite the rejection of 799’s OPNP application and over 90 days passing since the rejection.

17. The Respondents' conduct has negatively affected the reputation and integrity of Ontario's capital markets.

**E. Breaches of Ontario Securities Law and/or Conduct Contrary to the Public Interest**

18. The specific allegations advanced by Staff are:

- a. During the Relevant Period, the Respondents traded and engaged in, or held themselves out as engaging in the business of trading in securities of 799 and/or participated in acts, solicitations, conduct, or negotiations directly or indirectly in furtherance of the sale or disposition of these securities for valuable consideration, without being registered to trade in securities, in circumstances where there were no exemptions available to the Respondents under the Act, contrary to subsection 25(1) of the Act;
  - b. During the Relevant Period, Lee and Huang as directors and officers of 799 authorized, permitted or acquiesced in the non-compliance with subsection 25(1) of the Act, as set out above, by 799 or by sales agents of 799, and as a result are deemed to also have not complied with Ontario securities law pursuant to section 129.2 of the Act; and/or
  - c. During the Relevant Period, the Respondents' conduct, as set out above, was contrary to the public interest such that it is in the public interest to make orders to under section 127 of the Act.
19. Staff reserve the right to make such other allegations as Staff may advise and the Commission may permit.

DATED at Toronto this 11<sup>th</sup> day of March, 2015.