



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

22nd Floor
20 Queen Street West
Toronto ON M5H 3S8

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

IN THE MATTER OF

SEAN DALEY and KEVIN WILKERSON

STATEMENT OF ALLEGATIONS

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

A. OVERVIEW

1. Enforcement Staff bring this proceeding to prohibit the Respondents, Sean Daley and Kevin Wilkerson, from further participation in Ontario's capital markets. These individuals have demonstrated blatant disregard for the Commission's mandate and authority to investigate potential breaches of securities law through flagrantly and repeatedly obstructing an investigation into their crypto-asset offering.

2. Persons and companies who sell crypto-assets must understand the mandate of the Commission, which includes protecting investors from unfair, improper or fraudulent practices and fostering confidence in the capital markets. While the Commission has undertaken initiatives to engage Ontario's emerging crypto-asset sector, those who choose defiance and obstruction must be disqualified from participation in Ontario's capital markets.

3. Daley and Wilkerson have never been registered with the Commission, nor was any prospectus filed in relation to their crypto-asset offering. Their unincorporated crypto-asset venture, Ascension Foundation, raised approximately \$220,000 through the sale of OTO Vouchers and Lyra coins. Approximately \$124,000 (56 percent) of this money was ultimately transferred to personal credit card and bank accounts held by Daley, or withdrawn as cash, and this may be an indicator of fraud. These potential breaches of securities law warrant further investigation.

4. Daley and Wilkerson obstructed Staff's investigation into their conduct by dissuading investors from cooperating with Staff and inciting investors to not comply with lawfully issued summonses. Daley also twice refused to comply with a summons compelling him to produce

records and provide testimony. Through their obstruction and non-compliance, the Respondents have prevented assessment of their conduct in Ontario's capital markets.

B. FACTS

Preliminary Investigation

5. On November 9, 2018, Staff commenced a formal investigation based on concerns that the Respondents were breaching the registration, distribution and fraud provisions of Ontario securities law through their operation of a crypto-asset investment scheme.

6. The investigation indicated that the Respondents solicited Ontario investors and sold OTO Vouchers and Lyra coins, purportedly to fund development projects of the Ascension Foundation and related unincorporated entities, including OTO.Money, SilentVault, and CryptoWealth.

7. Staff observed messages designed to attract prospective investors, which appear prominently on the websites of the Ascension Foundation and its related unincorporated entities. These messages present OTO Vouchers and Lyra coins as investments. For example, the CryptoWealth website stated:

- (a) "Lyra's price constantly increases in response to market demand."
- (b) "Lyra will be available forever but it will never be as affordable as it is today."
- (c) "Get Lyra today before its price increases dramatically in response to demand!"

8. Between October 31, 2018 and May 1, 2019, approximately \$220,000 worth of fiat currency was raised from investors who purchased OTO Vouchers and/or Lyra coins. These funds were received in corporate bank accounts controlled by Daley; then forwarded to corporate accounts controlled by both Respondents. The majority of funds Daley received were dissipated through personal expenses.

9. The Respondents have never been registered with the Commission.

10. The Respondents did not file a prospectus with the Commission nor did they apply for an exemption from the prospectus requirement.

11. Staff sought to investigate further by seeking information from investors and the Respondents.

Obstructing Staff's Investigation

12. The Respondents have prevented reasonable investigation and assessment of their conduct in Ontario's capital markets.

13. On April 29, 2019, Staff served Daley, a non-practicing Ontario lawyer, with a summons compelling him to produce documents and appear at the Commission for an examination to take place on May 7, 2019. On May 6, 2019, Daley indicated to Staff that he would not comply with the summons.

14. On May 4, 2019, the Ascension Team, via CryptoWealth Support sent an email (the "May 4, 2019 Email") to all CryptoWealth account holders and email list subscribers, discouraging them from cooperating with Staff's investigation and encouraging them to not comply with any summons.

15. On July 26, 2019, Staff emailed Wilkerson, who lives in Colorado, and requested that he voluntarily respond to questions about his involvement in the Ascension Foundation. On July 29, 2019, he responded by email refusing to cooperate, and providing a link to a website called "Down with Power" where the May 4, 2019 Email was posted.

16. On August 29, 2019, Wilkerson wrote a letter to Staff acknowledging his participation in publishing the May 4, 2019 Email.

17. Between May 1, 2019 and June 4, 2019, Staff lawfully summonsed five investors to attend examinations at the Commission and provide relevant documents. All five investors failed to comply with the summonses served upon them. At least two investors, specifically cited the May 4, 2019 Email as the reason that they would not comply.

18. On September 30, 2019, Enforcement Notices were sent to the Respondents, informing them that proceedings against them, including allegations of obstructing Staff's investigation, were being contemplated. Daley responded on October 11, 2019 and raised issues which he believed Staff ought to investigate further. Daley was offered another opportunity to comply with the summons that had been lawfully served upon him, but he refused.

C. BREACHES AND CONDUCT CONTRARY TO THE PUBLIC INTEREST

19. Staff allege that Daley and Wilkerson obstructed Staff's investigation contrary to the public interest.

D. ORDERS SOUGHT

20. Staff seek the following orders against Daley and Wilkerson:

- (a) that they cease trading in any securities or derivatives permanently or for such period as is specified by the Commission under paragraph (2) of subsection 127(1) of the Act;
- (b) that they be prohibited from acquiring any securities permanently or for such period as is specified by the Commission under paragraph (2.1) of subsection 127(1) of the Act;
- (c) that any exemption contained in Ontario securities law not apply to them permanently or for such period as is specified by the Commission under paragraph (3) of subsection 127(1) of the Act;
- (d) that they be reprimanded under paragraph (6) of subsection 127(1) of the Act;
- (e) that they resign any position they may hold as a director or officer of any issuer under paragraph (7) of subsection 127(1) of the Act;
- (f) that they be prohibited from acting as a director or officer of any issuer permanently or for such period as is specified by the Commission under paragraph (8) of subsection 127(1) of the Act;
- (g) that they resign any position they may hold as a director or officer of any registrant under paragraph (8.1) subsection 127(1) of the Act;
- (h) that they be prohibited from acting as a director or officer of any registrant permanently or for such period as is specified by the Commission under paragraph (8.2) of subsection 127(1) of the Act;
- (i) that they be prohibited from becoming or acting as a registrant or promoter permanently or for such period as is specified by the Commission under paragraph (8.5) of subsection 127(1) of the Act; and
- (j) that they pay costs of the Commission investigation and hearing under section 127.1 of the Act.

21. And any other such order as the Commission considers appropriate in the public interest.
22. Staff reserve the right to amend these allegations and to make such further and other allegations as Staff deems fit and the Commission may permit.

DATED this 18th day of November 2019.

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

Matthew Britton
Senior Litigation Counsel
mbritton@osc.gov.on.ca
Tel: (416) 593-8294

Staff of the Enforcement Branch