

# ALBERTA SECURITIES COMMISSION

Citation: Re CatalX CTS Ltd., 2024 ABASC 177

File No.: ENF-013419

Date: 20241115

## NOTICE OF APPLICATION

**In the Matter of:** CatalX CTS Ltd. (operating as Catalyx) and Jae Ho Lee

**Applicant:** Staff of the Alberta Securities Commission (Staff)

**Respondents:** CatalX CTS Ltd. (operating as Catalyx) and Jae Ho Lee

**Notice:** Consent Application to Vary Interim Cease Trade Order, *Re CatalX CTS Ltd.*, 2023 ABASC 167 dated December 21, 2023 (**Interim Order**), as extended on January 5, 2024, *Re CatalX CTS Ltd.*, 2024 ABASC 5

### Order Sought

Staff request that the Alberta Securities Commission make the following orders:

1. a variation of paragraph 8(a) of the Interim Order pursuant to section 214(1) of the *Securities Act*, RSA 2000, c S-4 (*Act*), to permit the Respondent, Jae Ho Lee (**Lee**), to convert the securities held in the form of the cryptocurrency Tether (USDT), that are the property of CatalX CTS Ltd. (operating as Catalyx) (**Catalyx**), into Canadian currency, for the sole purpose of distributing the proceeds to the receiver for Catalyx, Deloitte Restructuring Inc. (the **Receiver**); and
2. such further and other relief as the panel deems just and appropriate.

### Grounds

The grounds for the application are:

1. On December 21, 2023, an Interim Order was issued against Catalyx and Jae Ho Lee (the **Respondents**) pursuant to sections 33 and 198 of the *Act*.
2. On January 3, 2024, Staff issued a Notice of Hearing against the Respondents seeking to extend the Interim Order, pursuant to sections 33 and 198 of the *Act* (the **Notice of Hearing**).
3. On January 5, 2024, the extension to the Interim Order was granted for a period of 12 months (the **Extension Order**).
4. Pursuant to paragraph 8(a) of the Interim Order, the Respondents must cease trading in or purchasing any securities or derivatives.

5. On January 19, 2024, a receivership order was granted by the Court of King's Bench of Alberta, placing the assets of Catalyx into receivership (the **Receivership Order**), under the control of the Receiver.
6. Pursuant to the Receivership Order, the Receiver is expressly empowered and authorized to take possession of any assets belonging to Catalyx, and Lee is required to grant immediate and continued access, and deliver any Catalyx assets, to the Receiver upon the Receiver's request.
7. On June 21, 2024, the Receiver required that Lee deliver all Catalyx assets in his possession, including any assets held as cryptocurrency.
8. On June 28, 2024, Lee advised the Receiver that he possessed the following Catalyx assets held in the form of the cryptocurrency Tether (USDT):

Exchange	Account Holder	Account #	Balance (USD)
Bitget	Remote Bittax Services Ltd.		\$ 16,293.84
Binance	Jae Ho Lee		\$ 8.90

9. Lee further advised the Receiver that he will redeem the cryptocurrency he currently holds and transfer the balance in fiat currency to the Receiver upon a variance of the Interim Order, which order prevents him from doing so.
10. Paragraph 6 of the Extension Order states that the Interim Order does not expire until January 5, 2025.
11. It would be not be prejudicial to the public interest to permit the cryptocurrency held by Lee, as referred to in paragraph 8, above, to be converted into Canadian currency and the proceeds transferred to the Receiver further to the Receivership Order granted by the Court of King's Bench.
12. The Respondents, as well as the Receiver, are represented by counsel. Counsel for Catalyx, Lee, and the Receiver have confirmed to Staff that they consent to the variation of the Interim Order sought in this application, without prejudice to their ability to further apply to revoke or vary the Interim Order pursuant to section 214(1) of the *Act*.

## Law

Section 214(1) of the *Act*.

## Evidence

Staff rely on the Interim Order, Notice of Hearing, Extension Order, and all affidavits and evidence filed in support of the applications for the Interim Order and Extension Order.

Calgary, Alberta, 15 November, 2024.	)	ALBERTA SECURITIES COMMISSION
	)	
	)	
	)	<i>"Original Signed By"</i>
	)	<hr/>
	)	Justin Dunphy
	)	Senior Litigation Counsel