

## Ontario Teachers' plan member lawsuit highlights cryptocurrency investment risks: expert

By: Bryan McGovern | February 6, 2025 | 11:00



Bryan McGovern

While a plan member lawsuit against the Ontario Teachers' Pension Plan regarding cryptocurrency investment decisions isn't entirely surprising, it's not a common event in Canada, says Level Chan, a partner at Stewart McKelvey.

"In Canada, it does not come up very much. It normally is only in these unique circumstances where there is kind of a significant event, usually unexpected."

**Read: [Survey finds institutional investors are gaining confidence in cryptocurrency assets](#)**

The Ontario Teachers' is facing a lawsuit from a plan member that alleges improper due diligence regarding a US\$95 million allocation to cryptocurrency exchange firm FTX and its U.S.-based entity FTX.US. The digital asset firm went bankrupt in 2022 and in 2023, its leading executive Sam Bankman-Fried was found guilty of fraud in the U.S.

The lawsuit, filed with the Ontario Superior Court of Justice, is seeking to recover losses from an investment that was caused by a "breach of fiduciary duty." It also alleges the investment organization's board breached its fiduciary duty to plan members.

Chan says this case highlights how even if a plan sponsor does everything right in terms of its sophisticated due diligence approach, negative results can still take place regarding the investment.

The case could persuade institutional investors to review internal processes related to meeting their obligations to plan members around investment decisions and ensure that all investments are prudent and consistent with fiduciary duties, he says.

**Read: [Ontario Teachers' facing losses from crypto exchange collapse, Caisse financing Quebec EV manufacturer](#)**

"When it comes to doing due diligence [involving cryptocurrencies] there's going to be a different kind of due diligence that needs to be done and that that will continue to evolve with other kind of intangible assets too."

In a November 2022 statement, the Ontario Teachers' said its investment in FTX represented less than 0.05 per cent of its total net assets. The allocation was realized through the Teachers' Venture Growth platform, which is designed to "gain small-scale exposure to an emerging area in the financial technology sector."

In an emailed statement to *Benefits Canada*, a spokesperson for the investment organization said they're aware of the lawsuit and believe it's without merit.

“We take our responsibility for the investment of plan assets seriously and have strong investment risk management processes, including robust due diligence on all private investments. Given the matter is before the courts, we have no further comment at this time.”

**Read: [Ontario Teachers’ bets on cryptocurrency exchange, Caisse invests in French transportation provider](#)**

---