

Court File No. & Estate No. CV-19-627184-00CL (31-2560674)
CV-19-627185-00CL (31-2560984)
and CV-19-627186-00CL (31-2560986)

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

IN THE MATTER OF THE BANKRUPTCY OF QUADRIGA FINTECH
SOLUTIONS CORP., WHITESIDE CAPITAL CORPORATION AND 0984750
B.C. LTD. D/B/A QUADRIGA CX AND QUADRIGA COIN EXCHANGE

SEVENTH REPORT OF THE TRUSTEE

November 5, 2020

STIKEMAN ELLIOTT LLP
Barristers & Solicitors
5300 Commerce Court West
199 Bay Street
Toronto, Canada M5L 1B9

Elizabeth Pillon LSO#: 35638M
Tel: (416) 869-5623
Email: lpillon@stikeman.com

Maria Konyukhova LSO#: 52880V
Tel: (416) 869-5230
Email: mkonyukhova@stikeman.com

Lee Nicholson LSO#: 66412I
Tel: (416) 869-5604
Email: leenicholson@stikeman.com
Fax: (416) 947-0866

Lawyers for the Trustee-in-Bankruptcy

INTRODUCTION

1. On February 5, 2019 (the “**Filing Date**”), Quadriga Fintech Solutions Corp., Whiteside Capital Corporation and 0984750 B.C. Ltd. (“**Quadriga**”) d/b/a Quadriga CX and Quadriga Coin Exchange (collectively, the “**Companies**”) were granted protection from their creditors by the Nova Scotia Supreme Court (the “**Nova Scotia Court**”) under the *Companies’ Creditors Arrangement Act* (the “**CCAA**”). Pursuant to an Order of Justice Wood dated February 5, 2019, Ernst & Young Inc. was appointed as the monitor (the “**Monitor**”) of the Companies.
2. Prior to filing for protection under the CCAA, Quadriga operated a cryptocurrency exchange platform allowing users (the “**Affected Users**”) to store, buy and sell various cryptocurrencies from its online operating platform through its website at www.quadrigacx.com.
3. On February 28, 2019, the Nova Scotia Court issued an Order (the “**Rep Counsel Order**”) appointing Miller Thomson LLP and Cox & Palmer as representative counsel (“**Representative Counsel**”) of the Affected Users except certain individuals who opt-out of representation in accordance with the Rep Counsel Order.
4. On April 11, 2019, a Termination and Bankruptcy Assignment Order was issued by Justice Wood of the Nova Scotia Court approving the process by which the Applicants’ CCAA proceedings would transition to three bankruptcy proceedings (the “**Bankruptcy Proceedings**”) under the *Bankruptcy and Insolvency Act* (the “**BIA**”).
5. On April 15, 2019 (the “**Date of Bankruptcy**”), each of the Applicants were assigned into bankruptcy. Ernst & Young Inc. consented to act as Trustee-in-Bankruptcy (the

“Trustee”) of each bankrupt estate, which role was affirmed at the First Meeting of Creditors held on May 2, 2019. Five individuals were named as Estate Inspectors (the “Inspectors”) at the First Meeting of Creditors for each bankrupt estate.

6. On June 27, 2019, the Nova Scotia Court issued an order approving the claims process to be undertaken by the Trustee (the “Claims Process”).
7. On September 10, 2019, the Nova Scotia Court granted an order transferring the Bankruptcy Proceedings to the Ontario Superior Court of Justice (Commercial List) (the “Court”). On September 24, 2019, the Office of the Superintendent of Bankruptcy issued revised certificates of appointment in respect of the Companies’ estates confirming the division and district of the Bankruptcy Proceedings had been transferred to Toronto, Ontario.

PURPOSE

8. The purpose of the Seventh Report of the Trustee (the “Seventh Report”) is to provide an update to the Court and stakeholders regarding the administration of the bankruptcy and provide the Court with the Trustee’s recommendations regarding certain relief that the Trustee is seeking with respect to the Claims Process and other issues, including:
 - (a) Disallowance of the priority claimed by various Affected Users under Section 136 of the BIA or otherwise and a declaration that all Affected User claims rank *pari passu* for distribution purposes;

- (b) Fixing rates to convert claims in various cryptocurrency units and U.S. dollars to Canadian dollars as at the Date of Bankruptcy for purposes of establishing the claim amount for each Affected User; and
- (c) Authorizing the Trustee to accept claims of Affected Users notwithstanding minor administrative defects within certain proof of claim submissions.

TERMS OF REFERENCE

9. In preparing this Seventh Report, the Trustee has relied upon unaudited financial information, the Company's limited books and records and financial information prepared by the Company (the "**Information**"). The Trustee has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to the *Chartered Professional Accountants Canada Handbook*, and accordingly the Trustee expresses no opinion or other form of assurance in respect of the Information.
10. Except as otherwise stated, the Trustee's understanding of factual matters expressed in this Seventh Report concerning the Applicants and their business is based on the Information, and not independent factual determinations made by the Trustee.
11. The Trustee has relied upon the information available to it from Quadriga, its independent contractors and other parties with historical involvement with Quadriga. The Trustee has attempted to independently review and corroborate the information received, where possible.

12. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars.

STATUS OF THE ESTATE

13. Since the last Report to the Court and stakeholders, the Trustee has continued to advance the administration of the estate in consultation with the Inspectors and Representative Counsel. The activities of the Trustee have included:

- (a) Continuing to monetize various assets realized upon from the settlement with Jennifer Robertson and the Estate of Gerald Cotten;
- (b) Pursuing other recovery efforts, including recovering additional funds from a third-party payment processor;
- (c) Completing various claims reconciliation activities pursuant to the Claims Process initiated on June 27, 2019;
- (d) Engaging Kroll Associates Inc. at the direction of the Inspectors to conduct an additional forensic review of certain Quadriga cryptocurrency transactions;
- (e) Cooperating with requests of law enforcement and regulatory authorities;
- (f) Complying with the terms of the Canada Revenue Agency (“**CRA**”) Production Demand Order dated April 14, 2020 and cooperating with the CRA as they commence their income tax audit of the bankrupt’s accounts;
- (g) Continuing to implement the settlement agreement with the Estate of Gerald Cotten and Ms. Jennifer Robertson;

- (h) Obtaining a U.S. court order granting access to Mr. Cotten's personal e-mail account; and
 - (i) Preparing an interim update on the claims process for Affected Users as described further below.
14. A copy of the interim Statement of Receipts and Disbursements reflecting the estates net financial holdings as at October 30, 2020 is attached hereto as **Appendix "A"**.

BACKGROUND ON CLAIMS PROCESS

15. The Claims Process approved by the Nova Scotia Court is, in substance, in accordance with the process set out in the BIA with certain modifications to reflect the nature of Quadriga's business being a cryptocurrency exchange.
16. The proof of claim form approved by the Nova Scotia Court (the "**Claim Form**") provided that Affected Users assert claims against Quadriga as at the Date of Bankruptcy denominated in one or more of Canadian dollars, United States dollars or cryptocurrency units (Bitcoin, Bitcoin Cash SV, Bitcoin Cash, Bitcoin Gold, Litecoin and Ethereum). A copy of the Trustee's First Report in respect of the Claim Process, the Order issued by the Nova Scotia Court in respect of the Claims Process and a copy of the Claim Form are attached hereto as **Appendices "B", "C" and "D"**, respectively.
17. In connection with the Claims Process, the Trustee requested that Affected Users file their proofs of claim with the Trustee by August 31, 2019 despite there being no claims bar date under the BIA. Most Affected User claims were filed prior to that date; however, a number were received subsequent to August 31, 2019 and the Trustee

continues to receive claims though the volume of new claim submissions has slowed considerably. The Trustee also notes that the CRA is conducting an audit of the Companies' affairs and may assert a claim in the Claims Process. The Trustee will not be able to facilitate a distribution to Affected Users with duly proven claims until such time as the CRA finalizes its audit of the bankrupt's tax accounts.

18. In aggregate, the Trustee has received 17,053 completed Claim Forms many of which include multiple currency components. Below is a summary of the claims filed against Quadriga by currency type as at September 11, 2020:

	Cryptocurrency	
	Claims Filed	Units
Bitcoin	9,991	24,427.0442
Bitcoin Cash SV	2,925	7,098.0094
Bitcoin Cash	3,016	7,723.0267
Bitcoin Gold	2,573	17,934.0347
Litecoin	6,031	87,031.2937
Etherium	8,743	65,457.5983
Cdn Dollars	9,003	\$ 90,184,260.91
U.S. Dollars	675	\$ 6,016,960.35
<i>Total</i>	42,957	

19. As referenced above, the Trustee provided an interim status update to Affected Users on the Claims Process on May 11, 2020. A copy of the interim status update published by the Trustee is attached hereto as **Appendix "E"**.

PRIORITY OF AFFECTED USER CLAIMS

20. Consistent with the standard proof of claim form under the BIA, the Claim Form provided that Affected Users could claim a right of priority under Section 136 of the BIA or otherwise. The instruction letter sent to Affected Users in connection with the Claim Forms provided that “[i]f you claim any priority with respect to any amounts owing to you by Quadriga, you must note it on the Affected User Proof of Claim and set out the details to support your priority claim...” and “[i]f claiming priority under Section 136 of the BIA, please set out under which subsection you are claiming priority.” Section 136 of the BIA provides priority claims as following in the following categories:

- (a) in the case of a deceased bankrupt, the reasonable funeral and testamentary expenses incurred by the legal representative or, in the Province of Quebec, the successors or heirs of the deceased bankrupt;
- (b) the costs of administration, in the following order,
 - (i) the expenses and fees of any person acting under a direction made under paragraph 14.03(1)(a),
 - (ii) the expenses and fees of the trustee, and
 - (iii) legal costs;
- (c) the levy payable under section 147;
- (d) the amount of any wages, salaries, commissions, compensation or disbursements referred to in sections 81.3 and 81.4 that was not paid;
 - (d.01) the amount equal to the difference a secured creditor would have received but for the operation of sections 81.3 and 81.4 and the amount actually received by the secured creditor;
 - (d.02) the amount equal to the difference a secured creditor would have received but for the operation of sections 81.5 and 81.6 and the amount actually received by the secured creditor;
 - (d.1) claims in respect of debts or liabilities referred to in paragraph 178(1)(b) or (c), if provable by virtue of subsection 121(4), for periodic amounts accrued in the year before the date of

the bankruptcy that are payable, plus any lump sum amount that is payable;

(e) municipal taxes assessed or levied against the bankrupt, within the two years immediately preceding the bankruptcy, that do not constitute a secured claim against the real property or immovables of the bankrupt, but not exceeding the value of the interest or, in the Province of Quebec, the value of the right of the bankrupt in the property in respect of which the taxes were imposed as declared by the trustee;

(f) the lessor for arrears of rent for a period of three months immediately preceding the bankruptcy and accelerated rent for a period not exceeding three months following the bankruptcy if entitled to accelerated rent under the lease, but the total amount so payable shall not exceed the realization from the property on the premises under lease, and any payment made on account of accelerated rent shall be credited against the amount payable by the trustee for occupation rent;

(g) the fees and costs referred to in subsection 70(2) but only to the extent of the realization from the property exigible thereunder;

(h) in the case of a bankrupt who became bankrupt before the prescribed date, all indebtedness of the bankrupt under any Act respecting workers' compensation, under any Act respecting unemployment insurance or under any provision of the *Income Tax Act* creating an obligation to pay to Her Majesty amounts that have been deducted or withheld, rateably;

(i) claims resulting from injuries to employees of the bankrupt in respect of which the provisions of any Act respecting workers' compensation do not apply, but only to the extent of moneys received from persons guaranteeing the bankrupt against damages resulting from those injuries; and

(j) in the case of a bankrupt who became bankrupt before the prescribed date, claims of the Crown not mentioned in paragraphs (a) to (i), in right of Canada or any province, rateably notwithstanding any statutory preference to the contrary.

21. Of the 17,053 Claim Forms, 4,333 (or 25.4%) claimed a right of priority under the BIA. However, none of the Affected Users claiming priority specified the relevant BIA subsection by which their claim had priority and no detailed supporting priority claim documentation was produced. Representative Counsel released a communication to

Affected Users stating that, generally, Affected Users would have unsecured claims and share *pro-rata* in any distributions, subject to the individual circumstances for an Affected User. A copy of the communication sent by Representative Counsel to Affected Users is attached hereto as **Appendix “F”**.

22. The Trustee is of the view that all Affected User claims are unsecured claims against Quadriga without any priority pursuant to Section 136 and should rank *pari passu* under any distribution of available assets. The Trustee is not aware of any basis to support priority for any particular or group of Affected Users.
23. Generally, all fiat currency and cryptocurrency were provided to Quadriga on the basis that it would be traded using the Quadriga platform. These funds were commingled with all of Quadriga’s available reserves and in many instances either disbursed to an Affected User with a queued withdraw request or transferred to entities not controlled by Quadriga or directly to Mr. Cotten, the former chief executive officer of Quadriga, or other related parties. Additionally, as set out in earlier reports of the Trustee, Mr. Cotten appears to have created accounts on the Quadriga platform and credited those accounts with either fiat currency or cryptocurrency without providing actual funds. Mr. Cotten proceeded to trade these account balances with Affected Users that had deposited real assets, as such, Quadriga’s assets likely never matched the liabilities owed to Affected Users. In such circumstances, the comingled available assets for distribution are not traceable to any particular Affected User.
24. The Trustee has consulted with Representative Counsel regarding the Trustee’s position that the claims of Affected Users should rank *pari passu* for distribution purposes. As set

out above, the Trustee understands that Representative Counsel is supportive of the Trustee's position and also believes that the claims of all Affected Users should rank *pari passu*.

25. The Trustee is requesting the Court grant an order declaring that the claims of Affected Users rank as unsecured claims without any priority under Section 136 of the BIA and ranking *pari passu* for distribution purposes. The Trustee is seeking such a court order as any process that addresses the priority issue with each Affected User on a claim by claim basis would be inefficient, costly and a significant drain on estate assets otherwise available for distribution.

CURRENCY CONVERSION DATE

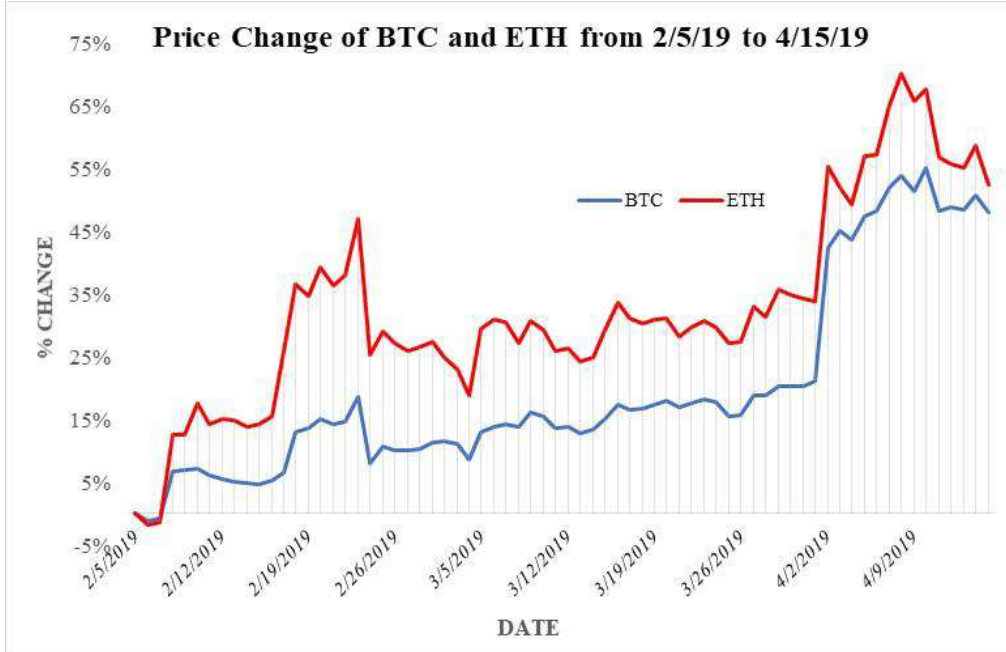
26. As set out above, Affected Users hold claims against Quadriga in various cryptocurrency units or Canadian or U.S. dollars. In order to distribute available funds to Affected Users, the Trustee needs to convert all claims to the same base currency. The Trustee recovered approximately CDN\$1.4 million of cryptocurrency (based on prevailing prices) and approximately US\$662,000 to date. Asset recoveries generally have been obtained in Canadian dollars from funds recovered from third party payment processors and monetization of other assets through the settlement with Ms. Jennifer Robertson and the Estate of Gerald Cotten. The Trustee intends to convert all asset holdings (U.S. dollars and cryptocurrency) into Canadian dollars for distribution to the Affected Users based upon the Canadian dollar equivalent value of all creditor claims.
27. There are two potential currency conversion dates which may apply to the claims received being (1) the Date of Bankruptcy (April 15, 2019); or (2) the date of the Initial

Order in the CCAA proceedings being February 5, 2019. Consistent with the BIA, the Claims Process called for claims against the Companies as of the Date of Bankruptcy. However, Affected Users were not able to trade on the Quadriga platform following commencement of the CCAA proceedings as the platform was suspended shortly prior to the CCAA filing. Consequently, Affected User account balances were effectively frozen as at February 5, 2019.

28. The Trustee believes that the BIA requires the conversion to Canadian dollars to occur using rates or prices as at the Date of Bankruptcy. Section 121 of the BIA provides that “all debts and liabilities, present or future, to which the bankrupt is subject on the day on which the bankrupt becomes bankrupt” are “claims provable... under the Act.”
29. The Trustee further notes that Section 215.1 of the BIA also provides that “[a] claim for a debt that is payable in a currency other than Canadian currency is to be converted to Canadian currency... in the case of a bankruptcy, as of the date of the bankruptcy.”
30. The BIA includes definitions for both “date of the bankruptcy” and “date of the initial bankruptcy event” in Section 2 of the BIA. The “date of initial bankruptcy event” is the earlier of various dates and specifically, in these proceedings, would have been the date on which the Companies commenced their proceedings under the CCAA in February 2019. The BIA therefore could have provided for the ability to look to a date other than the date of bankruptcy to determine or convert claims. However, both Sections 121 and 215.1 referred to above dealing with the quantification of claims, reference the date of bankruptcy rather than the “date of initial bankruptcy event.” The date of initial bankruptcy event is used elsewhere in the BIA, including for (a) reviewing where the

debtor carried on business for purpose of determining the locality of the debtor (Section 2, “locality of the debtor”); (b) the period for which an employee’s claim for wages may be secured (Section 81.3); and (c) the various look back periods for purposes of reviewable transactions under the BIA (Sections 95, 96 and 101), among other things.

31. Additionally, though not necessarily applicable, in a securities firm bankruptcy, customer claims are based upon “the net dollar value of the account or accounts ... as a result of the liquidation by sale or purchase at the close of business of the securities firm on the date of bankruptcy of the securities firm...”
32. In the case of the exchange of cryptocurrencies, the BIA does not provide any specific guidance and the Trustee is not aware of any earlier precedent on point in respect of such conversions. The Trustee believes that guidance can be taken from the other exchange rules provided in the BIA.
33. The Trustee notes that cryptocurrency prices are highly volatile and fluctuated significantly between February 5, 2019 and the Date of Bankruptcy. Most cryptocurrencies traded within the Quadriga platform rose in price during this time period. The below graph shows the price change of Bitcoin and Ethereum from February 5, 2019 to April 15, 2019, which were the two most frequently held cryptocurrencies on the Quadriga platform.



34. The Trustee notes that the currency conversion rate (currency conversion date) chosen to convert the various cryptocurrencies to Canadian dollars will have a significant effect on distribution allocations to different groups of Affected Users. Affected Users with cryptocurrency claims (primarily Bitcoin, Bitcoin Cash, Litecoin and Ethereum) will benefit from the strengthening market values of those cryptocurrencies from February 5, 2019 to the Date of Bankruptcy. Below is a chart summarizing the Canadian dollar equivalent¹ claim composition of all claims received through September 11, 2020, by currency type, valued using exchange rates from the date of the Initial Order in the CCAA proceedings and the Date of Bankruptcy:

¹ Source of cryptocurrency prices: <https://www.coingecko.com/>. Source U.S. exchange rate: <https://www.bankofcanada.ca/rates>.

	Units	Exchange Rate (FX/Cdn)		Cdn Dollar Equivalent	
		5-Feb-19	15-Apr-19	5-Feb-19	15-Apr-19
Bitcoin	24,427.04	\$ 4,550.25	\$ 6,739.08	\$ 111,149,157.70	\$ 164,615,804.77
Bitcoin Cash SV	7,098.01	\$ 80.55	\$ 78.84	\$ 571,744.66	\$ 559,607.06
Bitcoin Cash	7,723.03	\$ 153.88	\$ 419.37	\$ 1,188,419.35	\$ 3,238,805.72
Bitcoin Gold	17,934.03	\$ 12.58	\$ 22.14	\$ 225,610.16	\$ 397,059.53
Litecoin	87,031.29	\$ 44.95	\$ 104.84	\$ 3,912,056.65	\$ 9,124,360.83
Etherium	65,457.60	\$ 140.62	\$ 223.45	\$ 9,204,647.48	\$ 14,626,500.35
Cdn Dollars	\$ 90,184,260.91	\$ 1.00	\$ 1.00	\$ 90,184,260.91	\$ 90,184,260.91
US Dollars	\$ 6,016,960.35	\$ 1.31	\$ 1.34	\$ 7,882,218.05	\$ 8,062,726.86
<i>Total</i>				\$ 224,318,114.96	\$ 290,809,126.04

Allocation of Fiat Claims to Total	44%	34%
Allocation of Crypto Claims to Total	56%	66%

35. As set out above, the BIA requires claims to be quantified as at the Date of Bankruptcy and that foreign currencies (in this case U.S. dollars) are required to be converted to Canadian dollars. The Trustee believes that while the BIA is silent in respect of the timing and/or conversion of cryptocurrency claims, the guidance provided by the BIA would similarly support an exchange rate in respect of cryptocurrencies, consistent with the manner in which claims in foreign currencies (and securities) are valued.
36. The Trustee is requesting an order of the Court to establish the currency conversion rates by which U.S. dollar and cryptocurrency claims will be converted into Canadian dollars for claim distribution purposes. The specific Date of Bankruptcy (April 15, 2019) rates that the Trustee intends to use are set out in the above chart. In the case of cryptocurrencies, the source of the proposed conversion rate pricing was the closing rate from CoinGecko (<https://www.coingecko.com>) which aggregates data from various exchanges and markets to report an indicative rate or price. The proposed conversion rate for U.S. dollars is the closing rate of the Bank of Canada.

TECHNICAL DEFECTS WITH CLAIM FORMS

37. Many of the Claim Forms submitted by Affected Users contain certain technical deficiencies which the Trustee would typically attempt to reconcile before accepting such claims. As at September 11, 2020, of the 17,053 Claim Forms received, approximately 5,500 contain one or more of these technical defects. The technical defects include, among other things:

- (a) Claim Form not signed;
- (b) Claim Form not witnessed;
- (c) Missing pages from the claims package; and
- (d) Inaccurate Quadriga account ID number referenced.

38. Given the quantum of Claim Forms with minor deficiencies, the Trustee believes the cost to remedy these deficiencies would be significant and would only serve to deplete the amount of funds otherwise available for distribution to the Affected Users. While the Trustee has communicated with some of the Affected Users regarding minor defects in connection with its claims review process, this process has typically involved numerous e-mails and/or phone calls and in almost all cases, the minor deficiency has been resolved and the claim has ultimately been allowed. Accordingly, the Trustee is of the view that it is not beneficial to continue to have the estate incur the expense of the Trustee communicating with each Affected User with technical deficiencies in its claim in order to resolve these issues.

39. To avoid delays and the cost of attempting to resolve these minor deficiencies, the Trustee is requesting an order of the Court permitting (but not requiring) it to admit claims which contain minor deficiencies. The Trustee believes this is the most cost-effective way to address the issue and will maximize the amount ultimately recoverable by the Affected Users.

NOTICE

38. In order to provide notice to Affected Users of the relief currently being sought, the Trustee will post a notice of this motion (the “**Notice**”) on: (i) the Trustee’s Website; (ii) the Representative Counsel’s website located at www.millerthomson.com/en/quadrigacx; and (iii) Quadriga’s subreddit located at www.reddit.com/r/quadrigacx. The Notice includes a description of the relief that the Trustee is seeking in respect of the disallowance of priority claims and the conversion of claims denominated in cryptocurrency units and U.S. dollars. Further, the Trustee will email a copy of the Notice to each Affected User having filed a priority claim at the email address recorded in their Claim Form directing them to review this Seventh Report and to contact Representative Counsel should they have additional questions. A copy of the draft Notice is attached hereto as **Appendix “G”**.

CONCLUSION

39. For the reasons set out in this Seventh Report, the Trustee recommends that the Court grant the order requested by the Trustee and relief set forth in this Seventh Report.

All of which is respectfully submitted this 5th day of November 2020.

ERNST & YOUNG INC.

Licensed Insolvency Trustee

acting in its capacity as Trustee in Bankruptcy
of Quadriga Fintech Solutions Corp., Whiteside Capital Corporation and
0984750 B.C. Ltd. and not in its personal capacity



Sharon S. Hamilton
Senior Vice President



George Kinsman
Senior Vice President

Appendix “A”

District of Ontario
 Division No. 09-Toronto
 Court No. 43212
 Estate No. 31-2560986

**IN THE MATTER OF THE BANKRUPTCY OF
 0984750 B.C. LTD
 INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS
 FOR THE PERIOD 15 APRIL 2019 TO 30 OCTOBER 2020**

RECEIPTS

Transfer from CCAA Operating Account	27,494,191.26
Robertson Settlement - Real Property Sales	8,386,900.00
Robertson Settlement - Marketable Securities	3,244,110.47
Robertson Settlement - Preservation Account Funds	2,333,460.82
Third Party Payment Processor Recovery	1,523,214.30
Custodian Dispute Amount Recovery	778,213.94
Interest	620,836.80
Robertsons Settlement - Miscellaneous	198,115.70
Rental Property Receipts	163,953.65
CCAA Professional Retainers Recovered	100,204.12
Promissory Note Recovery	15,600.00

TOTAL RECEIPTS	\$ 44,858,801.06
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DISBURSEMENTS

Trustee Fees	1,938,264.67
Legal Fees - Trustee's Counsel	1,390,479.02
HST Paid (ITC's)	649,205.32
Legal Fees - Rep Counsel	848,837.63
Computer Services	244,599.22
Real Estate Commission	356,605.44
Professional Fees	129,664.11
Rental Property Utilities, Repairs & Services	65,205.60
Insurance	39,587.00
Property Tax	54,321.02
Misc Disbursements	8,659.55
Appraisal Fees	5,515.00
Aircraft Holding Costs	3,967.40
Bank Charges	900.57
Fee to Official Receiver	150.00
Fee to Court	150.00

TOTAL DISBURSEMENTS	\$ 5,736,111.55
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Amount Available for Distribution	\$ 39,122,689.51	CND FUNDS
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Balance from CDN Bankruptcy operating account	39,122,689.51
USD Exchange	
Add: Other Account Holdings	
Trustee cold storage crypto (CDN Equivalent - Sept 15, 2020)	1,441,642.04
0984754 BC Ltd, USD account 662,237.03 1.33221	882,238.79
Quadriga Fintech Bankruptcy account	259,012.20
Whiteside Bankruptcy account	204.45
Whiteside Bankruptcy Funding account	24,995.34
Total Estate Proceeds Held in Trust	41,730,782.34

Appendix “B”

2019

Province of Nova Scotia
Division No. 01-Halifax
Court No. 43212
Estate No. 51-2498986

**IN THE SUPREME COURT OF NOVA SCOTIA
IN BANKRUPTCY**

**IN THE MATTER OF THE BANKRUPTCY OF 0984750 B.C. LTD. D/B/A QUADRIGA
CX AND QUADRIGA COIN EXCHANGE**

FIRST REPORT OF THE TRUSTEE

June 19, 2019

June 19, 2019

STIKEMAN ELLIOTT LLP
Barristers & Solicitors
5300 Commerce Court West
199 Bay Street
Toronto, Canada M5L 1B9

Elizabeth Pillon LSO#: 35638M
Tel: (416) 869-5623
Email: lpillon@stikeman.com

Maria Konyukhova LSO#: 52880V
Tel: (416) 869-5230
Email: mkonyukhova@stikeman.com

Lee Nicholson LSO#: 66412I
Tel: (416) 869-5604
Email: leenicholson@stikeman.com
Fax: (416) 947-0866

Lawyers for the Monitor, Ernst & Young Inc.

2019

Province of Nova Scotia
Division No. 01-Halifax
Court No. 43212
Estate No. 51-2498986

**IN THE SUPREME COURT OF NOVA SCOTIA
IN BANKRUPTCY**

**IN THE MATTER OF THE BANKRUPTCY OF 0984750 B.C. LTD. D/B/A QUADRIGA
CX AND QUADRIGA COIN EXCHANGE**

FIRST REPORT OF THE TRUSTEE

June 19, 2019

INTRODUCTION

1. On February 5, 2019 (the “**Filing Date**”), Quadriga Fintech Solutions Corp., Whiteside Capital Corporation and 0984750 B.C. Ltd. (“**Quadriga**” or the “**Company**”) d/b/a Quadriga CX and Quadriga Coin Exchange (collectively, the “**Applicants**”) were granted protection from their creditors by the Nova Scotia Supreme Court (the “**Court**”) under the *Companies’ Creditors Arrangement Act* (the “**CCAA**”). Pursuant to an Order of Justice Wood dated February 5, 2019 (the “**Initial Order**”), Ernst & Young Inc. (“**EY**”) was appointed as the monitor (the “**Monitor**”) of the Applicants.
2. On April 11, 2019, a Termination and Bankruptcy Assignment Order (the “**Termination Order**”) was issued by Justice Wood approving the process by which the Applicants’ CCAA proceedings would transition to bankruptcy proceedings (the “**Bankruptcy Proceedings**”) under the *Bankruptcy and Insolvency Act* (the “**BIA**”).

3. On April 15, 2019, each of the Applicants were assigned into bankruptcy. Ernst & Young Inc. consented to act as Trustee-in-Bankruptcy (the “**Trustee**”) of each bankrupt estate, which role was affirmed at the First Meeting of Creditors held on May 2, 2019. Five individuals were named as Estate Inspectors (the “**Inspectors**”) at the First Meeting of Creditors including four (4) members of the Committee of Affected Users (the “**User Committee**”) and one (1) individual from their legal team.
4. Capitalized terms not otherwise defined in this Report are defined in the Fifth Report of the Monitor dated June 19, 2019.

PURPOSE

5. The purpose of the First Report of the Trustee (the “**First Report**”) is to provide the Court and stakeholders with an overview of the Trustee’s proposed claims process (the “**Claims Process**”) for soliciting claims against the Company and the proposed Order sought by the Trustee in respect of the Claims Process (the “**Claims Process Order**”).

TERMS OF REFERENCE

6. In preparing this First Report, the Trustee has relied upon unaudited financial information, the Company’s books and records, financial information prepared by the Company (the “**Information**”) and discussions with the Applicants’ directors, senior management team, consultants (“**Management**”) and legal advisors. The Trustee has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards (“**GAAS**”) pursuant to the *Chartered Professional Accountants Canada*

Handbook, and accordingly the Trustee expresses no opinion or other form of assurance in respect of the Information.

7. Except as otherwise stated, the Trustee's understanding of factual matters expressed in this Report concerning the Applicants and their business is based on the Information, and not independent factual determinations made by the Trustee.
8. The Trustee has relied upon the information available to it from Quadriga, its independent contractors and other parties with historical involvement with Quadriga. The Trustee has attempted to independently review and corroborate the information received, where possible.
9. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars.

PROPOSED CLAIMS PROCESS

10. In order to eventually distribute the net proceeds of any recovered assets to creditors, the Trustee will seek to solicit information about Users' claims against Quadriga which was the operating entity of the Applicants.
11. In accordance with the Termination Order, a global proof of claim was filed by Representative Counsel on behalf of the Users of Quadriga, other than those who have opted out of representation by Representative Counsel, for purposes of the First Meeting of Creditors. However, the Trustee requires individual claim information from Users to assess individual claims and effect distributions to Users.

Proof of Claim and Instruction Letter

12. In order to solicit claims from Users, the Trustee has modified and supplemented the prescribed form of proof of claim in order to fit Quadriga's unique circumstances of having claims against it denominated in Cryptocurrency and Fiat. The Trustee has prepared a specific form of Instruction Letter and User Proof of Claim for these proceedings which the Trustee believes will assist Users in preparing their proofs of claim. A copy of the proposed form of Instruction Letter is attached hereto as **Appendix "A"** and a copy of the proposed form of User Proof of Claim is attached hereto as **Appendix "B"**.
13. In order to provide notice of Users, the Trustee will post copies of the Instruction Letter and the User Proof of Claim on: (i) the Trustee's Website; (ii) the Representative Counsel's website located at www.millerthomson.com/en/quadrigacx; and (iii) Quadriga's subreddit located at www.reddit.com/r/quadrigacx. The Trustee will also email a copy of the Instruction Letter and User Proof of Claim to each User at the email address recorded in the Platform.
14. Users will be requested to complete and deliver their Proofs of Claim to the Trustee prior to 5:00 p.m. (Halifax time) on August 31, 2019 (the "**Claims Submission Date**").
15. The Trustee will review claims received by the Claims Submission Date and ensure claimants participate in any distributions made out of the estate to the extent of their valid accepted claim, if any. Users that do not file proofs of claim by the Claim Submission Date may not be eligible to participate in the initial distribution to creditors.

User Balance Information

16. The User Committee and Representative Counsel have expressed concern with the Platform site being offline as Users cannot access statement details or information necessary to complete their claims. The Trustee has worked with Representative Counsel to facilitate a process through which Users can access their individual account balances recorded within the Quadriga Platform to assist with claim filings. The Trustee is mindful of User privacy concerns which was also taken into account in preparing the claims process.
17. Users will be asked to verify their name, address, telephone number, Quadriga account number and email address, as well as to date and sign personally the proof of claim form in front of a witness. The Trustee may ask Users to provide additional information to verify their identity in order to prove their claim.
18. Users can review their Quadriga account balances as recorded in Quadriga's Platform (the "**Recorded Balances**") as at April 15, 2019 through the following web site <https://userbalance.quadrigaxtrustee.com/>. If Users agree with the Recorded Balances, they can fill in those amounts by currency type in the User Proof of Claim form and no supporting information will be required to prove the quantum of their claim. If Users disagree with the Recorded Balances, they may fill in different amounts and they must submit supporting documentation setting out the particulars of the discrepancies. Supporting documentation may include, a detailed listing of transactions making up the balances claimed, bank confirmations, receipts or bank statements supporting fiat deposits, bank statements or credit card statements supporting receipt of requested withdrawals,

blockchain transaction details with respect to Cryptocurrency deposits or withdrawals and/or email correspondence with Quadriga with respect to pending transactions or transactions not processed. Users can also specify if they believe their claim enjoys priority relative to other claims.

Review of Claims by Users

19. Section 124 of the BIA permits any creditor who submits a proof of claim to view other proofs of claim submitted by creditors. Representative Counsel and the User Committee have expressed a concern that the provision would permit disclosure of the personal information and identity of the Users. Broader concerns regarding privacy have been expressed by Users throughout the CCAA proceedings and the Bankruptcy Proceedings. The Court recognized this concern in its endorsement dated February 19, 2019 stating “[p]rivacy is a great concern and many users do not wish to be publicly identified in any fashion.”
20. In order to resolve the issue, the Trustee has included relief in the Claims Process Order that if any creditor or User requests to review a proof of claim, it will be delivered to the requesting creditor or User on an anonymous basis without any personal or identifying information. If the creditor or User requires any information redacted by the Trustee, they must bring a motion to the Court on notice to the Trustee and Representative Counsel seeking disclosure of the information. The process will ensure personal information will only be disclosed in appropriate circumstances and balances competing interests of the Users’ request for privacy and the need for creditors and Users to ensure only proper claims are accepted by the Trustee.

CONCLUSION

21. The Trustee is of the view that the Claims Process Order is appropriate and the process for soliciting User claims outlined above is reasonable and suitable for the circumstances of this case. The proposed User Proof of Claim and Instruction Letter are designed to solicit information required by the Trustee to assess the claims of the Users in a timely and cost-efficient manner. The Trustee is also of the view that soliciting information about amounts owed to the Users' in their base currency, as opposed to requiring Users to convert such claims into Canadian dollars, will streamline the completion of the forms by the Users and review of same by the Trustee.
22. The Trustee has worked with the User Committee and Representative Counsel in preparing these forms and understands that they are satisfied with the proposed form of User Proof of Claim and Instruction Letter.

All of which is respectfully submitted this 19th day of June 2019.

ERNST & YOUNG INC.

Licensed Insolvency Trustee

acting in its capacity as Trustee in Bankruptcy
of 0984750 B.C. Ltd. and not in its personal capacity



George Kinsman CPA, CA, CIRP, LIT
Senior Vice President

Appendix “C”

2019



Province of Nova Scotia
Division No. 01-Halifax
Court No. 43212
Estate No. 51-2498986



**IN THE SUPREME COURT OF NOVA SCOTIA
IN BANKRUPTCY**

**IN THE MATTER OF THE BANKRUPTCY OF 0984750 B.C. LTD. D/B/A QUADRIGA
CX AND QUADRIGA COIN EXCHANGE**

**ORDER
(Re: Claims Process)**

Sgd. *[Signature]*
DAJ, J.

BEFORE THE HONOURABLE JUSTICE DARLENE JAMIESON

UPON MOTION, in the proceedings of 0984750 B.C. Ltd. d/b/a Quadriga CX and Quadriga Coin Exchange ("**Quadriga**") under the *Bankruptcy and Insolvency Act* (Canada) ("**BIA**"), by Ernst & Young Inc. ("**EY**"), in its capacity as the trustee in bankruptcy of Quadriga (the "**Trustee**") for an order approving forms and procedures for the claims process in respect of Quadriga ("**Claims Process**");

UPON READING the First Report of the Trustee dated June 19, 2019 (the "**First Report**");

AND UPON HEARING the submissions of counsel to the Trustee, Representative Counsel of the affected users of Quadriga (the "**Affected Users**") and such other individuals who appeared and were heard on the Motion;

IT IS HEREBY ORDERED AND DECLARED THAT:

Service

1. If necessary, the time of service of the Notice of Motion and the Motion Record and supporting documents are hereby abridged and service is hereby deemed adequate notice so that the Motion is properly returnable today and that any further service of the Notice of Motion and the Motion Record is hereby dispensed with.

IN THE SUPREME COURT OF NOVA SCOTIA

I hereby certify that the foregoing document,
identified by the Seal of the Court, is a true
copy of the original document on file herein.

Dated the 27th day of June A.D., 2019

[Signature]
Deputy Prothonotary

Proof of Claim and Instruction Letter

2. The proof of claim for Affected Users (“**User Proof of Claim**”) substantially in the form attached as Appendix “B” to the First Report and the instruction letter substantially in the form attached as Appendix “A” to the First Report (“**Instruction Letter**”), with such minor amendments as the Trustee may determine are appropriate, are hereby approved with the modifications from the prescribed form under the BIA and such modifications do not affect the substance of the prescribed form of the documents under the BIA.

3. Notice of the Claims Process shall be given to creditors of Quadriga by the Trustee by (a) posting the User Proof of Claim and Instruction Letter on (i) the Trustee’s case website; (ii) the Representative Counsel’s website located at www.millerthomson.com/en/quadrigacx; and (iii) Quadriga’s subreddit located at www.reddit.com/r/quadrigacx; and (b) emailing the User Proof of Claim and Instruction Letter to each Affected User at the email address recorded in Quadriga’s platform database.

Disclosure of Proofs of Claim

4. Pending further Order of the Court, the Trustee shall maintain the identity of any Affected Users that submit User Proofs of Claim confidential and shall not disclose their identity to any third party. Any creditor or Affected User requesting to examine an User Proof of Claim pursuant to section 126 of the BIA, shall receive such User Proof of Claim on an anonymous basis without any personal or identifiable information of the submitting Affected User and to the extent a creditor or Affected User requires the redacted information in any User Proof of Claim, such creditor or Affected User shall seek an Order of the Court on at least seven (7) days notice to the Trustee and Representative Counsel authorizing and directing the Trustee to disclose the information to the creditor or Affected User. Notwithstanding the above, the Trustee is entitled to disclose the identity of any Affected User that submits a User Proof of Claim to Representative Counsel on a confidential basis. Representative Counsel shall not disclose the identity of the person submitting the User Proof of Claim to any other person, including the Official Committee of Affected Users, unless otherwise ordered by the Court.

General

5. The Trustee may, at any time, and with such notice as this Court may require, seek directions from the Court with respect to the Claims Process described in the First Report.

6. The aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction outside of Nova Scotia, including the United States, is requested to give effect to this Order and to assist the Applicants, the Trustee and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and the Trustee, as an officer of this Court, as may be necessary or desirable to give effect to this Order, or to assist the Applicants and the Trustee and their respective agents in carrying out the terms of this Order.



LAUREL PAUL
Deputy Prothonotary

Appendix “D”

2019

Province of Nova Scotia
Division No. 01-Halifax
Court No. 43212
Estate No. 51-2499072

**IN THE SUPREME COURT OF NOVA SCOTIA
IN BANKRUPTCY**

**IN THE MATTER OF THE BANKRUPTCY OF
0984750 B.C. LTD. DBA QUADRIGA CX.**

INSTRUCTION LETTER

**PLEASE REVIEW THE FOLLOWING CAREFULLY AS YOUR LEGAL RIGHTS AND
CLAIMS AGAINST 0984750 B.C. LTD. DBA QUADRIGA CX (“QUADRIGA”) MAY BE
IMPACTED**

By Order of the Supreme Court of Nova Scotia (the “**Court**”) dated February 5, 2019, Quadriga was granted protection under the *Companies’ Creditors Arrangement Act* (Canada) (“**CCAA**”). On April 15, 2019, pursuant to the Order of the Court dated April 11, 2019, Quadriga made an assignment in bankruptcy under the *Bankruptcy and Insolvency Act* (Canada) (“**BIA**”). Ernst & Young Inc. was appointed as trustee in bankruptcy of Quadriga (in such capacity, the “**Trustee**”).

A global proof of claim has been filed by Representative Counsel on behalf of Affected Users, other than those who have opted out, in accordance with the Termination and Bankruptcy Administration Order dated April 11, 2019. However, the Trustee now requires individual claim information. As such, it is necessary for each Affected User seeking to recover a distribution from the Quadriga estate to file an Affected User Proof of Claim as outlined herein.

You are receiving this Instruction Letter and enclosed Affected User Proof of Claim because according to the books and records of Quadriga, you were a user of the Quadriga platform and may be holding a balance in your personal account representing obligations payable by Quadriga to you in the form of: (i) cash obligations (\$CDN or \$USD); and/or (ii) obligations of various crypto currency.

If you wish to participate in any distributions that may be made out of the estate of Quadriga, the enclosed Affected User Proof of Claim form must be properly completed and delivered to the Trustee. The Trustee has requested that claims be submitted prior to 5:00 p.m. (Halifax time) on

August 31, 2019 (the “**Claims Submission Date**”) by hand delivery, courier, fax **OR** email as follows:

(a) to the Trustee:

Ernst & Young Inc.
Court-appointed Trustee of Quadriga
Ernst & Young Tower
100 Adelaide Street West
Toronto, Ontario M5H 0B3
Attn: Quadriga Trustee

Email: quadriga.trustee@ca.ey.com

Fax: 416-864-1174

If you file your Affected User Proof of Claim as directed by the Claims Submission Date, the Trustee will review your claim and ensure you participate in any distributions made out of the estate of Quadriga to the extent of your valid accepted claim, if any. If you do not file your Affected User Proof of Claim by the Claim Submission Date, you may not be eligible to participate in the initial distribution to creditors.

In completing the Affected User Proof of Claim, you must:

- ensure that you include your complete name, address, telephone number, Quadriga account number and email. **You may be asked to provide additional information to verify your identity**; and
- date and sign personally in front of a witness the Affected User Proof of Claim form.

Affected Users can review their Quadriga account balances as recorded in Quadriga’s books and records (the “**Recorded Balances**”) as at April 15, 2019 through the following web site <https://userbalance.quadrigacxtrustee.com/>. The Trustee recommends that Affected Users review the Recorded Balances prior to completing this proof of claim. If you agree with the Recorded Balances, you can fill in those amounts and types of currency and crypto currency in the Affected User Proof of Claim and no supporting information will be required. If you disagree with the Recorded Balances for your account, you may fill in different amounts and you must submit supporting documentation setting out the particulars of the discrepancies. Supporting documentation may include, but is not limited to, a detailed listing of transactions making up the balances claimed, bank confirmations, receipts or bank statements supporting fiat deposits, bank statements or credit card statements supporting receipt of requested withdrawals, blockchain transaction details with respect to cryptocurrency deposits or withdrawals and/or email correspondence with Quadriga with respect to pending transactions or transactions not processed. The Trustee may request additional information and supporting documentation to support your claim.

If you claim any priority with respect to any amounts owing to you by Quadriga, you must note it on the Affected User Proof of Claim and set out the details to support your priority claim. Section 136 of the BIA sets out specific categories of claims that may benefit from a priority status such as:

- Crown priority claims;
- Employee priority claims;
- Pension priority claims;
- Secured claims;
- Preferred claims (such as spousal and child support and claims of landlords).

If claiming priority under Section 136 of the BIA, please set out under which subsection you are claiming priority. You can find the text of Section 136 of the BIA at <https://laws-lois.justice.gc.ca/eng/acts/b-3/page-37.html#h-27334>. If you require additional information with respect to priorities of claims or completing your Affected User Proof of Claim, you may wish to consult with the Representative Counsel appointed in this matter (Miller Thomson LLP and Cox Palmer – see www.millerthomson.com/en/quadrigacx).

The Trustee is not aware of any preferred creditor claims owed to Affected Users based upon information currently available.

The Trustee may contact you to request additional information about your claim. The Trustee is entitled to disallow your Affected User Proof of Claim in whole or in part. If your claim is disputed in whole or in part, the Trustee will send you a Notice of Disallowance along with particulars as to how you may dispute the Notice of Disallowance.

If you believe you have claims against Quadriga Fintech Solutions Corp. and/or Whiteside Capital Corporation separate from any claims against Quadriga, you may obtain a creditor Proof of Claim from the Trustee's Website at www.ey.com/ca/quadriga and follow the instructions therein to complete and file any such Proof of Claim.

NOTE: Filing a false claim may be an offence under the BIA punishable by fine and/or imprisonment of up to one year.

2019

Province of Nova Scotia
Division No. 01-Halifax
Court No. 43212
Estate No. 51-2499072

**IN THE SUPREME COURT OF NOVA SCOTIA
IN BANKRUPTCY**

**IN THE MATTER OF THE BANKRUPTCY OF
0984750 B.C. LTD. DBA QUADRIGA CX AND QUADRIGA COIN EXCHANGE**

**AFFECTED USER PROOF OF CLAIM
AS AT APRIL 15, 2019**

Instructions

In order to have a valid Claim as an Affected User of 0984750 B.C. Ltd. dba Quadriga CX and Quadriga Coin Exchange (“**Quadriga**”), this Affected User Proof of Claim form must be properly completed and delivered to Ernst & Young Inc. in its capacity as the trustee in bankruptcy of Quadriga (the “**Trustee**”) prior to 5:00 p.m. (Halifax time) on August 31, 2019 (the “**Claims Submission Date**”).

These instructions are provided to assist you in preparing the Affected User Proof of Claim form in a complete and accurate manner. **DO NOT LEAVE ANY SECTIONS OF THE FORM BLANK.**

General

You must ensure that you include your complete name, address, telephone number and Quadriga account number on the Affected User Proof of Claim form.

The Affected User Proof of Claim form must be dated, signed personally by the individual completing it, and witnessed. The Affected User Proof of Claim form is incomplete UNLESS it has been signed and witnessed.

If the individual completing the Affected User Proof of Claim form is not the Affected User himself/herself, but is completing on behalf of a corporation, he/she must state his/her position or title.

Particulars of Affected User

Full Legal Name: _____

Full Mailing Address / Address Registered with Quadriga:

Quadriga Account Number: _____

Telephone Number Registered with Quadriga: _____

E-mail Address Registered with Quadriga: _____

Attention (Contact Person): _____

Note: *You may be asked to provide additional information to verify your identity.***A. Proof of Claim**

I, _____ [name of Affected User or Representative of Affected User], of _____ (City, Province) do hereby certify:

(a) that I [*check one*]
 am the Affected User of Quadriga; OR

 am _____ (*state position or title*) of

 _____ (*name of Affected User*)

(b) that I have knowledge of all of the circumstances connected with the Claim referred to below;

(c) the Claimant asserts its claim against Quadriga as at April 15, 2019:

(insert crypto currency quantities in all applicable boxes or fiat in source currency)

Bitcoin - units		
-----------------	--	--

Bitcoin Cash SV - units		
Bitcoin Cash - units		
Bitcoin Gold - units		
Litecoin - units		
Ethereum - units		
CDN\$		
US\$		

Note: *Affected Users can review their Quadriga account balance as recorded in Quadriga's books and records as at April 15, 2019 through the following web site <https://userbalance.quadrigacxtrustee.com/> which may assist the Affected Users in filling out this proof of claim. If you disagree with the balance recorded within Quadriga's books and records, you may fill in different amounts and submit supporting documentation setting out the particulars of the discrepancies.*

In respect of the said claim, the Claimant asserts as follows:

(check appropriate description)

- () I claim a right to a priority *(Set out on an attached schedule details to support the priority claim).*
- () I do not claim a right to a priority.

D. Particulars of Claim:

The Particulars of the undersigned's total Claim are set out in the attached Schedule "A". Please note that Schedule "A" support materials **are not required** if your claim submission matches the Quadriga books and records amounts reported at <https://userbalance.quadrigacxtrustee.com/>. However, Affected Users **must file a proof of claim** with the Trustee to be eligible to receive a distribution from the Estate.

E. Filing of Affected User Proof of Claim

This Affected User Proof of Claim should be received by the Trustee no later than 5:00 p.m. (Halifax time) on the Claims Submission Date by hand delivery, courier, fax **OR** email as follows:

(a) to the Trustee:

Ernst & Young Inc.
 Court-appointed Trustee of Quadriga
 Ernst & Young Tower
 100 Adelaide Street West
 Toronto, Ontario M5H 0B3
 Attn: Quadriga Trustee

Email: quadriga.trustee@ca.ey.com
 Fax: 416-864-1174

If you file your Affected User Proof of Claim as directed by the Claims Submission Date, the Trustee will review your claim and ensure you participate in any distributions made out of the estate of Quadriga to the extent of your valid accepted claim, if any. If you do not file your Affected User Proof of Claim by the Claim Submission Date, you may not be eligible to participate in the initial distribution to creditors.

I, _____, acknowledge that filing a false claim may be an offence under section 201 of the *Bankruptcy and Insolvency Act* that is punishable by fine and/or imprisonment of up to one year.

Dated at _____ this _____ day of _____, 2019.

Name and address of Witness:

Witness Signature

Name of Affected User

Per: _____

Appendix “E”

Province of **Ontario**
Division No. **09-Toronto**
Court No. **43212**
Estate No. **31-2560986**

NOTICE TO CREDITORS

**In the Matter of the Bankruptcy of
0984750 B.C. Ltd.
of the City of Vancouver
in the Province of British Columbia**

Interim Claim Status Report

May 12, 2020

INTRODUCTION

1. On February 5, 2019 (the “**Filing Date**”), Quadriga Fintech Solutions Corp., Whiteside Capital Corporation and 0984750 B.C. Ltd. (“**Quadriga**”) d/b/a Quadriga CX and Quadriga Coin Exchange (collectively, the “**Companies**”) were granted protection from their creditors by the Nova Scotia Supreme Court (the “**Nova Scotia Court**”) under the *Companies’ Creditors Arrangement Act* (the “**CCAA**”). Pursuant to an Order of Justice Wood dated February 5, 2019, Ernst & Young Inc. (“**EY**”) was appointed as the monitor (the “**Monitor**”) of the Applicants.
2. On April 11, 2019, a Termination and Bankruptcy Assignment Order was issued by Justice Wood approving the process by which the Applicants’ CCAA proceedings would transition to bankruptcy proceedings (the “**Bankruptcy Proceedings**”) under the *Bankruptcy and Insolvency Act* (the “**BIA**”).

3. On April 15, 2019, each of the Applicants were assigned into bankruptcy. EY consented to act as Trustee-in-Bankruptcy (the “**Trustee**”) of each bankrupt estate, which role was affirmed at the First Meeting of Creditors held on May 2, 2019.
4. On June 27, 2019, the Nova Scotia Court issued an order approving the claims process to be undertaken by the Trustee (the “**Claims Process**”).
5. On September 10, 2019, the Nova Scotia Court granted an order transferring the Bankruptcy Proceedings to the Ontario Superior Court of Justice (Commercial List) (the “**Court**”). On September 24, 2019, the Office of the Superintendent of Bankruptcy issued revised certificates of appointment in respect of the Companies’ estates confirming the division and district of the Bankruptcy Proceedings had been transferred to Toronto, Ontario.

PURPOSE

6. The purpose of this Notice is to provide creditors with an interim update on the status of the claims process in respect of 0984750 B.C. Ltd.

UPDATE

7. The Claims Process approved by the Nova Scotia Court is in substance in accordance with the process set out in the BIA with certain modifications in light of the nature of Quadriga’s business being a cryptocurrency exchange. In particular, the Claims Process provides that users of Quadriga’s platform (the “**Affected Users**”) shall assert claims against Quadriga as at April 15, 2019 denominated in one or more of Canadian dollars, United States dollars or cryptocurrency units (Bitcoin, Bitcoin Cash SV, Bitcoin Cash, Bitcoin Gold, Litecoin and Ethereum).

8. As at May 6, 2020, the Trustee has received and is assessing claims filed against Quadriga in various currencies as follows:

	CLAIMS FILED	Base Currency or Crypto Units
Bitcoin	9,949	24,436.5474
Bitcoin Cash SV	2,912	7,093.4818
Bitcoin Cash	3,003	7,718.4992
Bitcoin Gold	2,564	18,031.2131
Litecoin	6,009	86,936.8888
Etherium	8,704	65,302.1451
CDN Dollars	8,973	\$ 90,297,731
US Dollars	672	\$ 6,014,338

9. In aggregate, the Trustee received 16,959 proofs of claim many of which included multiple currency components.
10. The Trustee anticipates that all claims will be converted to a Canadian dollar equivalent for distribution purposes. A determination as to the respective rates of currency conversion have yet to be determined.
11. The Trustee has not finalized its review of all Affected User proofs of claim and continues to follow up with certain Affected Users in this regard.
12. The Trustee notes that there are a number of proofs of claim that contain certain technical deficiencies (i.e. proofs of claim are unsigned). The Trustee also notes that in a number of cases, the claimant has asserted a preferred claim pursuant to Section 136 of the BIA without any support for the preferred claim status. The Trustee notes that it is of the view that all Affected User claims are unsecured claims without any preferred status. The Trustee also understands that Representative Counsel supports the Trustee's position with respect to Affected User claims not being subject to any priority as communicated in the materials provided to Affected Users on Representative Counsel's website. The Trustee expects that the technical deficiencies will be

remedied and the right to preferred status resolved without impacting the acceptance of the quantum of these claims. The Trustee notes that it may seek the Court's assistance to resolve such issues in the most cost-effective way possible.

13. The Trustee continues to follow up with certain claimants in respect of claims which differ from the amounts recorded in Quadriga's records. While this process has resulted in some adjustments to balances set out in particular proofs of claim, to date, such adjustments have not been material in relation to the aggregate balances pursuant to the proofs of claim as filed.
14. The Trustee notes that although the Trustee requested that Affected Users file claims on or by August 31, 2019, there is no claims bar date pursuant to the BIA. The Trustee continues to receive proofs of claim and will continue to process claims prior to the final distribution to creditors, however the Trustee does note that the volume of new claim submissions has slowed considerably.
15. As set out in the Trustee's Third and Sixth Reports, the Trustee has received production demands from Canada Revenue Agency ("CRA") in relation to an audit of 0984750 B.C. Ltd. pursuant to subsection 231.2(1) of the *Income Tax Act*. On April 14, 2020, the Court issued an order approving the production of information and documents in the Trustee's possession to CRA in response to their demand. The Trustee anticipates that once the production of these documents is complete, CRA will be in a position to commence their audit.
16. The Trustee notes that Quadriga failed to file tax returns in the ordinary course of business prior to the Bankruptcy Proceedings and accordingly the quantum of tax liabilities is currently unknown. The determination of a CRA tax claim against Quadriga is necessary prior to the Trustee declaring any distribution to Affected Users or creditors generally as tax claims rank *pari passu* with the unsecured claims of Affected Users.

Dated at the city of Toronto in the Province of Ontario, this 12th day of May, 2020.

ERNST & YOUNG INC.

Licensed Insolvency Trustee

acting its capacity as Trustee in Bankruptcy
of 0984750 B.C. Ltd. and not in its personal capacity



Sharon S. Hamilton
Senior Vice President



George Kinsman
Senior Vice President

Appendix “F”



The purpose of this communication is to update Affected Users on Quadriga's claims process (the "**Claims Process**").

Claims Process

The Claims Process has commenced. Affected Users should have received an email from the Trustee with a copy of the [Affected User Proof of Claim form](#) and [Instruction Letter](#). You can also find copies on our website.

The Affected User Proof of Claim relates only to claims against 0984750 B.C. LTD. DBA Quadriga CX and Quadriga Coin Exchange. If you believe you have a distinct claim against either of Quadriga Fintech Solutions Corp. or Whiteside Capital Corporation, please contact Representative Counsel by [email](#).

We have prepared Guides on filling out the Affected User Proof of Claim. We have also prepared two FAQs to address common questions we have received about completed withdrawal claims and the claims process generally. The Guides and the FAQs can be found on [our website](#).

Your first step should be to check the amount of your claim on the [Trustee's website](#). Your Quadriga Account Number and first name are required. If you are having trouble accessing your claim amount on the website with your Quadriga Account Number and/or first name, please contact the Trustee: quadriga.trustee@ca.ey.com.

If you agree with the amount of your claim on the Trustee's website, please review our [Guide To Filling Out A Proof of Claim](#). If you disagree with the amount of your claim on the Trustee's website, please review our [Guide to Proving Your Claim](#). If you have a "completed withdrawal" claim, you will likely have to prove your claim with respect to the completed withdrawals. If you have specific questions after carefully reviewing our Guides and FAQs, please contact Representative Counsel by [email](#).

It is important that Affected Users file their claims before **August 31, 2019** in order to be eligible for any initial distribution that may occur.

Priority

We have been receiving numerous questions regarding whether Affected Users have a priority claim.

The Trustee's [Instruction Letter](#) outlines the various ways a claim can have priority under the *Bankruptcy and Insolvency Act* ("BIA"). In general, priority is given to secured creditors and preferred claims under the BIA. Preferred claims relate to costs of the administration of the bankruptcy estate, a levy payable to the Superintendent of Bankruptcy on distributions made by the trustee to creditors, claims of employees under the *Wage Earner Protection Program*, amounts owing by the bankrupt in respect of pension obligations, and claims of landlords up to prescribed maximum amounts.

While certain Affected Users' situations may be different, in general, Representative Counsel's view is that Affected Users' claims are neither secured claims nor preferred claims under the BIA. Rather, Affected Users' claims are generally unsecured and would share *pro rata* in any distribution.

As a result, unless your circumstances are different, Representative Counsel's view is that

Appendix “G”



Dieppe
11 Englehart Street
Dieppe, NB E1A 7Y7
Tel: +1 506 853 3097
Fax: +1 506 859 7190

Fredericton
527 Queen Street
Suite 110
Fredericton, NB E3B 3T2
Tel: +1 506 455 8181
Fax: +1 506 455 8141

Halifax
RBC Waterside Centre
1871 Hollis Street
Suite 500
Halifax, NS B3J 0C3
Tel: +1 902 420 1080
Fax: +1 902 420 0503

Saint John
Red Rose Tea Building
5th floor
12 Smythe Street
Saint John, NB E2L 5G5
Tel: +1 506 634 7000
Fax: +1 506 634 2129

St. John's
Fortis Place
5 Springdale Street
Suite 800
St. John's, NL A1E 0E4
Tel: +1 709 726 2840
Fax: +1 709 726 0345

Ernst & Young Inc.
Atlantic Canada
ey.com

**NOTICE TO AFFECTED USERS
DECEMBER 1, 2020 – MOTION BY THE TRUSTEE
TIME: 10:00 A.M.**

**DISALLOWANCE OF PRIORITY CLAIMED BY AFFECTED USERS
AND
ESTABLISHING CONVERSION RATES FOR CRYPTOCURRENCY AND \$USD CLAIMS
AND
AUTHORIZATION TO ACCEPT MINOR ADMINISTRATIVE CLAIM DEFICIENCIES**

In the matter of the Bankruptcy of Quadriga Fintech Solutions Corp., Whiteside Capital Corporation and 0984750 B.C. Ltd. D/B/A Quadriga CX and Quadriga Coin Exchange (collectively the “Estate”)

TAKE NOTICE THAT Ernst & Young Inc., acting in its capacity as Trustee in Bankruptcy of Quadriga Fintech Solutions Corp., Whiteside Capital Corporation and 0984750 B.C. Ltd Quadriga (the “**Trustee**”) has scheduled a motion before the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) on December 1, 2020 at 10:00 a.m. seeking various relief which may impact the priority and valuation of certain claims filed against the Estate.

The Trustee intends to seek an order from the Court which (1) disallows the priority claimed by various Affected Users under Section 136 of the BIA or otherwise and provides a declaration that all Affected User claims rank *pari passu* for distribution purposes; (2) fixes the conversion rates as at the Date of Bankruptcy (April 15, 2019) for cryptocurrency and \$USD claims for the purpose of establishing the claim amount for each Affected User; and (3) authorizes the Trustee to accept minor administrative defects within certain proof of claim submissions.

In support of its motion, the Trustee has prepared the Seventh Report of the Trustee (the “**Seventh Report**”) dated November 5, 2020. A copy of the Seventh Report can be found on the Trustee’s website at www.ey.com/ca/quadriga. The Trustee recommends that Affected Users review the contents of the Seventh Report and other motion materials filed by the Trustee as the relief sought may impact upon Affected User claims against the Estate. Details of the hearing before the Court are included in the Trustee’s notice of motion which can also be found on the Trustee’s website.

If Affected Users require further information they may e-mail the Trustee at quadriga.trustee@ca.ey.com or contact Representative Counsel at quadrigaCX@millerthomson.com.

Dated at Toronto, Ontario, this 5th day of November 2020.

ERNST & YOUNG INC.
Licensed Insolvency Trustee
Trustee of the Estate of Quadriga Fintech Solutions Corp.,
Whiteside Capital Corporation and 0984750 B.C. Ltd.

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