

**IN THE SUPREME COURT OF NOVA SCOTIA**

**IN THE MATTER OF:**

Application by Quadriga Fintech Solutions Corp., Whiteside Capital Corporation and 0984750 B.C. Ltd. dba Quadriga CX and Quadriga Coin Exchange (collectively referred to as the “Applicants”), for relief under the Companies’ Creditors Arrangement Act

**THIRD REPORT OF THE MONITOR**

**March 1, 2019**

March 1, 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

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

Lawyers for the Monitor, Ernst & Young Inc.

**IN THE SUPREME COURT OF NOVA SCOTIA**

**IN THE MATTER OF:**

Application by Quadriga Fintech Solutions Corp., Whiteside Capital Corporation and 0984750 B.C. Ltd. dba Quadriga CX and Quadriga Coin Exchange (collectively referred to as the “Applicants”), for relief under the Companies’ Creditors Arrangement Act

**THIRD REPORT OF THE MONITOR**

**March 1, 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 in these CCAA proceedings.

**PURPOSE**

2. The purpose of this Third Report of the Monitor (the “**Third Report**”) is to provide the Court with an update on the activities of the Monitor since the date of its appointment. The Third Report further includes a preliminary status update on the results of the Monitor’s

ongoing investigation into the Applicants' business, affairs and assets. The Third Report should be read in conjunction with the Pre-Filing Report of the Monitor dated January 31, 2019 (the "**Pre-Filing Report**"), the First Report of the Monitor dated February 12, 2019 (the "**First Report**") and the Second Report of the Monitor dated February 20, 2019 (the "**Second Report**") which provide updates on certain matters.

3. The outline of the Third Report is provided below:
  - (a) Updates on the CCAA proceedings
    - (i) Banking Arrangements Update
    - (ii) Preliminary Asset and Data Preservation Efforts
      1. Data and Information Preservation Efforts
      2. Asset Preservation Efforts
    - (iii) Bank Draft and Cryptocurrency Post-Filing Receipts
    - (iv) Funds held by the Accountant of Ontario Superior Court of Justice
    - (v) Representative Counsel Update
    - (vi) Disbursement Account
  - (b) Preliminary Investigation Efforts
    - (i) Supplemental Information on the Business
    - (ii) Quadriga Cryptocurrency Wallets

- (iii) Identified Accounts
- (iv) Other Cryptocurrency Exchanges
- (v) Quadriga Platform Database
- (c) The Chief Restructuring Officer and Governance Issues
- (d) Stay Extension Request
- (e) Cash Flow Forecast
  - (i) Revised Cash Flow Projection
  - (ii) Cash Flow Projection Variance Analysis
- (f) Monitor's Recommendations

#### **TERMS OF REFERENCE**

4. In preparing this Third Report, the Monitor 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 Monitor 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 Monitor expresses no opinion or other form of assurance in respect of the Information.

5. Except as otherwise stated, the Monitor'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 Monitor.
6. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars.

#### **UPDATES ON THE CCAA PROCEEDINGS**

7. Since being appointed as Monitor on the Filing Date, the Monitor has undertaken a number of activities, including:
  - (a) Providing notice to creditors of CCAA proceedings in accordance with the Initial Order;
  - (b) Communicating with and answering inquiries of creditors;
  - (c) Attempting to secure any books and records in respect of the Applicants and preserve Quadriga's databases;
  - (d) Addressing various issues in respect of the post-filing banking of the Applicants;
  - (e) Addressing the motion to appoint Representative Counsel for the Affected Users (each as defined below) and subsequent communications;
  - (f) Various discussions with Applicants' representatives and counsel;
  - (g) Attempting to locate, preserve and secure Quadriga property; and

- (h) Making preliminary efforts into investigating the business, affairs and assets of the Applicants.

### **Banking Arrangements Update**

8. On February 25, 2019, on a motion by the Monitor, the Court issued an order in relation to the post-filing banking arrangements (the “**Banking Arrangements Order**”) of the Applicants. Following the issuance of the Banking Arrangements Order, the Monitor secured the Remaining Bank Draft (as defined by the Banking Arrangements Order) from Costodian Inc. (“**Costodian**”) and received endorsements in respect of each of the Costodian bank drafts (the “**BMO Drafts**”) which arose from the CIBC interpleader proceedings.
9. The Monitor delivered the endorsed BMO Drafts, which total \$25,272,089.09, to the Royal Bank of Canada who subsequently deposited the bank drafts into the Disbursement Account (as defined by the Initial Order) effective February 27, 2019. Since depositing the funds, the Monitor has released \$60,958.64 to Mr. Jose Reyes and transferred \$778,213.94 into a separate bank account controlled by the Monitor representing the disputed fees with Costodian (the “**Disputed Amount**”), all in accordance with the Banking Arrangement Order.
10. The Disputed Amount will remain in the separate account pending a resolution or determination of the Quadriga’s and Costodian’s respective rights, entitlements and claims to the Disputed Amount.

## **Preliminary Asset and Data Preservation Efforts**

11. Since the Filing Date, the Monitor has undertaken various activities to preserve assets that may be recoverable, and information and data that may assist with the Monitor's ongoing investigation.

### *Data and Information Preservation Efforts*

12. As noted in the First Report, known devices of Mr. Gerry Cotten have been secured by the Monitor including, Mr. Cotten's laptops, cellphones, USB keys and home computer. The Monitor understands that prior to the commencement of the CCAA Proceedings, the Applicants together with their initial outside expert, attempted to access the devices and were successful in respect of certain devices. The Monitor will work with the Applicants and Representative Counsel to determine next steps to access any information and data which may be located on the devices and report back to the Court with respect to those efforts.
13. In addition to securing the personal electronic devices of Mr. Cotten, the Monitor is working with the Applicants to secure Quadriga's customer and exchange transaction databases (the "**Platform Data**") as detailed further below. The Monitor expects to continue to work in consultation with the Applicants to obtain such access to the databases and information. The Monitor also became aware of certain documents in the possession of Quadriga's former counsel with respect to their efforts to become a public company in 2015. The Monitor has contacted the lawyer to obtain production of the documents if determined to be beneficial.
14. In the Pre-Filing Report, the Monitor noted that "[t]he company had limited books and records, no financial records or reporting appears to have been undertaken." Since the Filing Date, the Monitor has made further efforts to investigate whether Quadriga had any formal

accounting books and records and has requested the Applicants provide copies of all financial records in their possession. To date, the Applicants have been unable to locate or provide any such records. The Monitor has contacted Canada Revenue Agency to ascertain whether the Applicants filed any tax returns. The Monitor's information request is still pending.

#### *Asset Preservation Efforts*

15. Following the Filing Date, the Applicants and the Monitor identified third party payment processors (the "**Third Party Processors**") known to have received and/or distributed funds on behalf of Quadriga in the past. The Monitor has written to the ten (10) known Third Party Processors requesting the transfer of any funds held on behalf of Quadriga and all transaction information in respect of accounts held by the Third Party Processors on behalf of Quadriga. The Monitor has received preliminary responses from certain Third Party Processors but has only recovered \$5,000 to date in addition to the BMO Drafts recovered from Costodian Inc. and the Bulk Drafts which are discussed below. The Monitor expects that the status of requests from Third Party Processors will need to be addressed in a separate motion and that further relief from the Court may be necessary to secure funds and records from certain of the Third Party Processors.
16. As detailed in the Second Report, counsel to the Applicants is in possession of 1,004 bank drafts (the "**Bulk Drafts**") totalling approximately \$5.8 million payable to 1009926 B.C. Ltd. received on behalf of Quadriga. The Monitor understands that the Applicants are working on having the Bulk Drafts endorsed to the Monitor. To facilitate that, the Monitor understands the Applicants have commenced the necessary first step of restoring the corporate entity by publishing notice in the British Columbia Gazette on February 28, 2019.



17. Recently, the Monitor was contacted by a representative of a Canadian credit union who confirmed they held a bank account on behalf of Quadriga Fintech Solutions Corp. which had been frozen since 2017. The bank account with the credit union was subsequently closed and the credit union has transferred funds totalling \$245,033.31 to the Disbursement Account controlled by the Monitor.
18. In addition to securing funds, the Monitor has made efforts to preserve any cryptocurrency that may be available to the Applicants' stakeholders. Together with the Applicants' representatives, the Monitor identified potential other exchanges where Quadriga and/or Gerry Cotten may have opened accounts. The Monitor wrote to fourteen (14) exchanges requesting account credentials and transaction information for any accounts that may have been opened by Quadriga or Gerry Cotten.
19. The Monitor has received responses from four (4) cryptocurrency exchanges to date. Certain of the cryptocurrency exchanges confirmed the existence of accounts opened by Quadriga or Gerry Cotten and provided transactional data in respect of such accounts. One cryptocurrency exchange was holding minimal cryptocurrency on behalf of Quadriga which the Applicants successfully arranged to have transferred to the Monitor. Counsel to Ms. Robertson in her capacity as executor of the estate of Mr. Cotten has advised the Monitor that Ms. Robertson has agreed that all cryptocurrency found in accounts in Mr. Cotten's personal name may be transferred to Quadriga for the benefit of its stakeholders.
20. The Monitor has written to Jennifer Robertson and her counsel, in her capacity as the executor of the estate of Gerald Cotten and in her personal capacity, requesting the disclosure of certain transaction and asset information and a consensual undertaking to preserve assets pending the advancement of the Monitor's ongoing investigation efforts.

## **Post-Filing Bank Draft and Cryptocurrency Receipts**

21. The Monitor has received a limited number of bank drafts from Third Party Processors which appear to have been deposits in transit as at the Filing Date. The Monitor is holding these bank drafts pending an investigation into their originating source and the specific Quadriga customer accounts relating to the bank drafts.
22. In addition, the Applicants have advised the Monitor that limited cryptocurrency deposits have continued to be received into the Quadriga hot wallets following the Filing Date and after the initial cryptocurrency transfer to the Monitor. The total Canadian dollar equivalent value of the post-filing deposits (fiat and cryptocurrency) (the “**Post-Filing Receipts**”) is approximately \$21,000.
23. The Monitor is working with the Applicants to assemble a listing of the Post Filing Receipts in the form of fiat and cryptocurrency and the name and contact details of the depositors where available. A recommendation with respect to the Post Filing Receipts will be presented to the Court at a later date.

## **Funds held by the Accountant of Ontario Superior Court of Justice**

24. The Monitor is aware of approximately \$200,000 that remains deposited with the Accountant of the Ontario Superior Court of Justice (the “**Accountant**”) as result of the CIBC interpleader motion. These funds are in respect of customers who attempted to make deposits with the Applicants but were rejected by Quadriga for various reasons. According to the evidence in the CIBC interpleader application, the Quadriga accounts for these customers were never credited for their deposits and therefore, the funds were not claimed by Quadriga in the proceedings. The Monitor understands that these customers were previously contacted

regarding the funds held by the Accountant. A copy of the order of the Ontario Superior Court of Justice specifying these amounts held by the Accountant is attached to the Third Report as **Appendix “A”**.

### **Representative Counsel Update**

25. On February 19, 2019, the Court released its decision on representative counsel motion appointing Miller Thomson LLP and Cox & Palmer as representative counsel (“**Representative Counsel**”) to Quadriga’s users (the “**Affected Users**”). The Monitor, the Applicants and Representative Counsel subsequently worked on the terms of the order appointing Representative Counsel (the “**Rep Counsel Order**”). A draft Rep Counsel Order was provided to the Court for consideration on February 27, 2019. Representative Counsel has also substantially finalized a confidentiality agreement with the Monitor and the Applicants to start receiving information on a preliminary basis.
  
26. In the decision appointing Representative Counsel, the Court stated that the process for selecting the committee of Affected Users (the “**Committee of Affected Users**”) should commence without delay. After discussions with the Monitor, Representative Counsel prepared and sent a communication to Affected Users known to Representative Counsel soliciting applications to serve on the Committee of Affected Users. Any Affected User may submit an application to serve on the Committee of Affected Users for consideration by Representative Counsel and the Monitor by emailing [CommitteeApplications@millerthomson.com](mailto:CommitteeApplications@millerthomson.com). Applications should include the following information: (i) name and address; (ii) client-ID for the Quadriga’s cryptocurrency exchange platform (iii) the amount of the user’s claim against Quadriga, (iv) the nature of such claim (fiat currency, cryptocurrency, “pending” withdrawal and/or “completed” withdrawal); (v) a

statement of no more than 200 words expressing the user's interest and qualification in respect of serving of the Committee of Affected Users; and (vi) a resume or PDF copy of the user's LinkedIn profile.

27. The Monitor will provide further notice of the selection process to Affected Users when providing notice of the Representative Counsel Order by (i) posting a notice on the Monitor's website, Quadriga's website and Quadriga's subreddit; and (ii) sending a notice by e-mail transmission to Affected Users who have claims against the Applicants in excess of \$1,000.
28. The Monitor will report further to the Court at a later date on the results of the selection process for the Committee of Affected Users.
29. Representative Counsel has provided the Monitor with a letter attached to the Third Report as **Appendix "B"** which details the activities of Representative Counsel since the release of the decision appointing Representative Counsel on February 19, 2019.

### **Disbursement Account**

30. As reported further below in the Cash Flow section of the Third Report, the Monitor is holding approximately \$24.7 million in the Disbursement Account. Pursuant to the terms of the Initial Order the Monitor intends to make disbursements from the Disbursement Account at the direction of the Applicants to fund these proceedings.
31. At the hearing for the Banking Arrangements Order, the possibility was raised that certain parties may allege claims, including trust claims, against the funds in the Disbursement Account and orders granted by the Court, including the Initial Order, may be the subject of future motions in respect of parties that were not provided notice of such orders.

32. The Monitor believes it is necessary to clarify that the funds being held by the Monitor are solely being held and disbursed on behalf of the Applicants and the Disbursement Account was solely provided to facilitate a post-filing banking solution for the benefit of the Applicants' stakeholders. To advance these CCAA proceedings, it is necessary that the Applicants and the Monitor have certainty that funds disbursed in accordance with the Initial Order are not subject to future claims or recourse. Any recourse by parties making trust or other claims at a later date should be limited to the funds remaining in the Disbursement Account at the time of advancing such claims.
  
33. In order to clarify the issue, the Monitor seeks further direction from the Court and may require further relief from the Court prior to making any disbursements with the funds received from the BMO Drafts, the Third Party Processors and other sources that may have originated from Quadriga's users.

#### **PRELIMINARY INVESTIGATION EFFORTS**

34. Following the Filing Date, the Monitor reached out to various resources externally and internally to determine the appropriate parties to assist the Monitor with the initial aspects of its investigation. Following the review of the various resources, it was determined that EY has the necessary resources and expertise to complete the Monitor's initial review of the Applicants' affairs. Since that determination, the Monitor has engaged significantly with its internal blockchain experts to understand the industry, cryptocurrency and the Applicants' affairs. The Monitor has also worked with the Applicants' representatives to receive and review certain information and data in respect of the Applicants and has interviewed certain members of Management regarding the Applicants' business and affairs.

35. Accordingly, the Monitor is of the view that it is important to update the Court and stakeholders on these initial and preliminary investigatory efforts.

### **Supplemental Background Information on the Business**

36. In paragraphs 20–24 of the Pre-Filing Report, the Monitor provided the following background information with respect to the Quadriga business:

#### ***Operation of the QCX Platform***

20. *The Proposed Monitor understands that Quadriga operated a cryptocurrency exchange platform that allowed users to store, buy and sell various cryptocurrencies on the QCX Platform. The QCX Platform was launched in December 2013 on the website: [www.quadrigacx.com](http://www.quadrigacx.com).*

21. *The QCX Platform allowed users to deposit Cash or cryptocurrency with Quadriga. After depositing Cash or cryptocurrency with Quadriga, the user's QCX Platform account would be credited with the appropriate currency. The user could then place buy or sell orders on the QCX Platform. If a counterparty for the order was found via the QCX Platform, a trade would occur such that the seller's cryptocurrency account would be debited and their cash account (or the appropriate cryptocurrency account, if the seller is trading cryptocurrencies) would be credited. The buyer's account would be credited and debited for the reciprocal amounts. Following the trade, Quadriga would owe the seller Cash (or the appropriate cryptocurrency) for the amount of the sale and owe the buyer cryptocurrency for the amount of*

*coins purchased. Quadriga charged both the buyer and seller a fee for each transaction on the QCX Platform.*

22. *The Proposed Monitor understands that the deposits, trades and withdrawals were recorded in a secure database controlled by Quadriga. Users could view their own account information through the QCX Platform. The Proposed Monitor further understands the database was backed up frequently by Quadriga and the Company continues to hold the database with users' account information (including the amount of Cash and/or cryptocurrency owed to each user).*

23. *Based on discussions with Management, the Proposed Monitor understands Quadriga used payment processors to receive Currency and disburse Currency associated with the trades and or other general operating obligations requiring the use of traditional Currency. The payment processors used by Quadriga include POSconnect Inc., VoPay International Inc., Billerfly Labs Inc., among others (collectively "Third Party Processors"). The Proposed Monitor understands that Quadriga used Third Party Processors because of the general difficulty Quadriga faced in obtaining bank accounts with Canadian banks.*

24. *Further, Quadriga used "wallets" to hold cryptocurrencies deposited by users. A "wallet" is an application that stores public and private keys which interact with one or more blockchains to enable the user to send and receive cryptocurrencies. A wallet also enables a user to monitor their cryptocurrency balance. The public key may be distributed to other users to*

*identify their wallet. Only the private key is required to be kept private for security reasons as it is used to authorize the transfer of a cryptocurrency on the appropriate blockchain. Quadriga had “hot” and “cold” wallets which terms are used to describe different types of security. “Hot” wallets are connected to the internet in order to quickly fulfill withdrawal requests. In contrast, “cold” wallets are not connected to the internet and are usually stored physically such as on a USB stick or electronic hardware that is not connected to the internet. The primary benefit of “cold” wallets is that they are not susceptible to hacking.*

37. To supplement the background provided to the Court in the Pre-Filing Report, the Monitor believes the following additional background information may be of assistance to the Court.
38. Cryptocurrency wallets are identified on the blockchain utilizing an alphanumeric address commonly referred to as a wallet address. For the cryptocurrencies held by Quadriga, any party with knowledge of a wallet address can access publicly available blockchain records and ascertain the cryptocurrency balance held within a wallet address as well as review all historical transactions received by and transferred out of a wallet address. The information publicly available includes the date and time (in UTC or Universal Coordinated Time) a transaction was confirmed and the corresponding wallet address(es) that cryptocurrency was received from or transferred to. Wallet addresses are pseudonymous and the publicly available information does not directly provide any information with respect to the owner of a wallet. However, there are services which use statistical analysis of network behaviour in an attempt to identify information about owner of a particular wallet. The services tend to have more information with respect to wallet addresses utilized by central cryptocurrency



depositories (such as exchanges) but these services cannot provide absolute certainty with respect to the actual owner of a wallet.

39. While transactional activity and balances in any wallet are publicly available with a wallet address, the ability to transfer the cryptocurrency within the wallet is restricted to individuals holding the required passwords or credentials and in the case of cold wallets, physical custody of the device that the private key of the wallet is stored on.
40. Most cryptocurrency exchanges typically follow a similar structure in which when a user opens an account, the user is provided with a hot wallet address (the “**User Wallet**”) to which the user may send cryptocurrency to be received by the exchange. The User Wallet address is typically (although not always) an address that is set up uniquely for a single user. The user’s access only allows for transfers to that address. Following depositing cryptocurrency in the User Wallet, the user does not have direct control over the balance and the exchange has custody of the deposited cryptocurrency.
41. Upon receiving cryptocurrency in a User Wallet, the exchange credits the user’s exchange platform account with the corresponding quantity of cryptocurrency. The exchange then controls the cryptocurrency in the User Wallet, typically pooling the cryptocurrency deposited by users and moving the cryptocurrency to wallets, both hot and cold, under the exchange’s control. With account balances users can place orders for either other cryptocurrency or traditional currency (“**fiat**”). When a user ultimately wants to make a withdrawal of cryptocurrency from their account with the exchange, the user provides instructions to the exchange to send cryptocurrency to a specified wallet outside the exchange’s control. The exchange will access its cryptocurrency pooled reserves to fulfill the transaction. Similarly, if a user wants to withdraw fiat, the user would provide bank

account or address information to the exchange. The Monitor understands that Quadriga was generally set up to operate in this manner, however, the Monitor has not yet had direct access to Quadriga's exchange platform to confirm.

### **Quadriga Cryptocurrency Wallets**

42. Following its appointment, the Monitor requested that the Applicants identify all known hot or cold wallets used by Quadriga to store cryptocurrency. In the Affidavit of Jennifer Robertson sworn in support of the initial application (the "**Initial Affidavit**"), Ms. Robertson noted at paragraph 24(g) that "Quadriga keeps only a minimal amount of coins on the server (in a hot wallet). The normal procedure was that Gerry would move the majority of the coins to cold storage as a way to protect the coins from hacking or virtual theft." Accordingly, the Monitor focussed its preliminary review on the Applicants' cold wallets.

43. The Applicants identified to the Monitor six (6) cold wallet addresses which Quadriga used in the past to secure bitcoin (the "**Identified Bitcoin Cold Wallets**"), the primary cryptocurrency traded on the Quadriga platform. The addresses of the Identified Bitcoin Cold Wallets identified by the Applicants are as follows:

- (a) 1MhgmGaHwLAvvKVyFvy6zy9pRQFXaxwE9M;
- (b) 1JPtxSGoekZfLQeYAWkbhBhkr2VEDADHZB;
- (c) 1ECUQLuioJbFZAQchcZq9pggd4EwcpuANe;
- (d) 1J9Fqc3TicNoy1Y7tgmhQznWrP5AVLXj9R;
- (e) 1HyYMMCdCcHnfjwMW2jE4cv9qVkVDFUzVa; and

(f) 1JZJaDDC44DCKLnezDsbW43Zf8LspCKBYP (the “**Sixth Bitcoin Wallet**”).

44. In addition, the Applicants have identified three other wallet addresses which may represent Quadriga cold wallet addresses used to store other cryptocurrencies (the “**Potential Other Cold Wallets**”).

45. The Monitor understands that prior to the Filing Date, the Applicants made significant efforts to identify and locate any additional cold wallet addresses or other wallet addresses that may contain cryptocurrency reserves. However, to date, the Applicants have not been able to identify any other wallet addresses that may have been used to store reserves of bitcoin or other cryptocurrencies. The Monitor continues to work with representatives of the Applicants and internal blockchain resources to determine if any other cold wallet addresses or other wallet addresses with cryptocurrency reserves exist.

46. The Monitor has commenced a preliminary review of the transactional activity of the Identified Bitcoin Cold Wallets utilizing public blockchain records. This analysis conducted by the Monitor indicates the following:

(a) From April 2014 to approximately April 2018, aggregate bitcoin month end balances in the Identified Bitcoin Cold Wallets ranged from a low of nil to a peak of approximately 2,776 bitcoin. The average aggregate month end balance over the four-year period was approximately 124 bitcoin. In April 2018, the remaining bitcoin in the Identified Bitcoin Cold Wallets was transferred out bringing the balances down to nil. Other than the Sixth Wallet, there have been no deposits into the Identified Bitcoin Cold Wallets since April 2018 except for the inadvertent transfer of bitcoin by the Applicants as disclosed in the First Report.

- (b) Post April 2018, the Sixth Wallet appears to have been used to receive bitcoin from another cryptocurrency exchange account and subsequently transfer the bitcoin to the Quadriga hot wallet. As of the date of the Third Report, the Sixth Wallet contains no cryptocurrency. The last transaction from the Sixth Wallet was initiated on December 3, 2018.
  - (c) Certain of the bitcoin in the Identified Bitcoin Cold Wallets appear to have been transferred to accounts at other cryptocurrency exchanges. As set out at paragraph 38 of the Third Report it is not possible to ascertain with absolute certainty from public information who the owner of an address is, however, the tools and sources utilized by the Monitor indicate that certain receiving wallet addresses from transactions in the Identified Bitcoin Cold Wallets are wallet addresses associated with identifiable cryptocurrency exchanges. As indicated above, the Monitor has reached out to various cryptocurrency exchanges to identify possible accounts controlled by Quadriga or Mr. Cotten and receive transactional information in respect of any such accounts.
47. The Monitor has made inquiries of the Applicants as to the reason for the lack of cryptocurrency reserves in the Identified Bitcoin Cold Wallets since April 2018. To date, the Applicants have been unable to identify a reason why Quadriga may have stopped using the Identified Bitcoin Cold Wallets for deposits in April 2018, however, the Monitor and Management will continue to review the Quadriga database to obtain further information.
48. The Monitor has recently commenced the process of conducting a similar analysis of the addresses for the Potential Other Cold Wallets. This analysis will take further time to

complete. However, the Monitor has confirmed that as at the date of the Third Report, the Potential Other Cold Wallets contain no cryptocurrency.

49. In addition, the First Report and Second Report provided an update on cryptocurrency balances held as at the Filing Date in Quadriga's hot wallet addresses and balances that were transferred to the Identified Bitcoin Cold Wallets and to a cold storage wallet address under the control of the Monitor. The Monitor will commence a review of balances previously held in Quadriga's known hot wallet addresses, however this analysis will take more time.

### **Identified Accounts**

50. During interviews with the Applicants' representatives, the Monitor was advised of fourteen (14) user accounts that may have been created outside the normal process by Quadriga (the "**Identified Accounts**"). It appears that the Identified Accounts were created under various aliases. The Monitor was advised by a representative of the Applicants that the Identified Accounts were internally created without a corresponding customer and used to trade on the Quadriga platform. The Monitor was further advised that deposits into certain of the Identified Accounts may have been artificially created and subsequently used for trading on the Quadriga platform.
51. The Monitor has requested and received detailed transactional histories for the Identified Accounts. The account information that has been provided indicates a significant volume of transaction activity associated with the Identified Accounts including trading and withdrawals of cryptocurrency to wallet addresses not associated with Quadriga.
52. The Monitor's review of the Identified Accounts is in a preliminary stage. The Monitor needs further time to analyze the transactional history of the Identified Accounts to determine

whether additional Identified Accounts exist, whether the deposits into the Identified Accounts were in fact artificial, how the accounts were used, the extent of net withdrawals from the Quadriga reserves and whether recipients of withdrawals can be identified.

### **Other Cryptocurrency Exchanges**

53. Representatives of the Applicants have advised the Monitor that accounts have been identified at three different exchanges that are believed to have been operated by Quadriga or Mr. Cotten. The Monitor has been provided with transaction histories for these accounts. The Monitor understands that the transactional information was obtained by the Applicants as a result of logging onto these accounts using credentials found in Mr. Cotten's emails or other internal Quadriga emails or records. As mentioned above, blockchain records associated with the Identified Bitcoin Cold Wallets also indicate that certain cryptocurrency under Quadriga's control was transferred to other exchanges.
54. One of the exchanges identified by the Applicants has independently responded to the Monitor's request for information as set out in paragraph 19 of the Third Report. The exchange provided a transaction history for the account that is consistent with the transaction history provided by the representative of the Applicants.
55. The Monitor notes that its investigation into the exchange accounts is at a preliminary stage. At this point, the Monitor has not been able to determine the source of the deposits into any of the exchange accounts or where the cryptocurrency was transferred to. Efforts are underway to attempt to preserve and recover any Quadriga cryptocurrency, if any, located at other exchanges.

## Quadriga Platform Database

56. As mentioned above, the Monitor has made efforts to attempt to secure the Platform Data and has requested the assistance of the Applicants in obtaining a copy of the Platform Data. The Monitor has been advised and understands that the Platform Data includes user account balances and transaction information but does not include accounting records or a ledger reconciling the account balances to cryptocurrency or fiat under Quadriga's control. While efforts to obtain access to the full database are still underway, the Applicants have provided a number of informational extracts. These extracts include customer account information used by the Monitor to send the notices required under the Initial Order as well as information in respect of the Identified Accounts.
57. The Monitor understands from the Applicants that the Platform Data is stored in the cloud with Amazon Web Services, Inc. ("AWS"). Independent of the request of the Applicants for a copy of the Platform Data, the Monitor made a request of AWS to provide a separate copy of the Platform Data.
58. The Monitor understands from discussions with AWS that the contract and account with AWS (the "AWS Account") are not in Quadriga's name. The AWS Account appears to be in the name of Mr. Cotten personally and there is possibly another account in the name of the principal of Billerfly Labs Inc., Mr. Jose Reyes. Copies of recent invoices associated with the AWS Account are attached to the Third Report as **Appendix "C"**.
59. Due to the account being a personal account in the name of Mr. Cotten, AWS has indicated that it is unable to provide the Monitor with access to the AWS Account to permit a copy of the data that it is hosting to be secured. Further, AWS indicated to the Monitor that a consent

from Ms. Robertson, as estate trustee for Mr. Cotten, was not sufficient for AWS to provide access to the AWS Account to the Monitor. As result, the Monitor is requesting the Court grant an order authorizing and directing AWS to provide the Applicants and the Monitor with full and complete access to the AWS Account and any other accounts in name of the Applicants and Mr. Cotten. Counsel to AWS and Ms. Robertson have been provided with copies of the draft order to be requested by the Monitor and will be served with the Third Report.

60. The Monitor believes it is imperative that a copy of the Quadriga Platform Data is backed up and secured with the Monitor as soon as possible. The Platform Data will assist the Monitor's ongoing investigation into Quadriga's business, affairs and potential assets that may be recoverable for the benefit of the Applicants' stakeholders. The Monitor also notes that though the Platform Data may be copied from AWS, the Monitor still requires software and other information from the Applicants in order to analyze and review any Platform Data stored by AWS. Further, if there are other AWS accounts in the names of parties such as Mr. Jose Reyes, further relief from the Court may be necessary if a consensual solution with AWS and the other party cannot be reached.

#### **THE CHIEF RESTRUCTURING OFFICER AND GOVERNANCE ISSUES**

61. As set out in the Robertson Affidavit, Ms. Robertson is acting as the executor of the estate of Mr. Cotten and was appointed as a director of each of the Applicants between January 25,



2019 and January 27, 2019, along with her step-father, Mr. Thomas Beazley. Ms. Robertson is also represented by the same counsel as the Applicants in these CCAA proceedings.

62. The materials filed by the Applicants in support of the motion for an extension of the stay of proceedings and appointment of Chief Restructuring Officer (“**CRO**”) note:

(a) “[T]he public attention my role as director has brought is unwarranted, and online commentary which I have reviewed has suggested that I, in particular, am trying to hide assets or am acting contrary to the best interests of the Companies, which is not true.” (Affidavit of Jennifer Robertson sworn February 25, 2019 at para. 11); and

(b) “[T]he independence of the CRO would ensure that the interests of all stakeholders are protected and that any alleged concerns in relation to Ms. Robertson’s continued day-to-day involvement with the Companies would be addressed” (Bench Brief dated February 25, 2019 at p. 9).

63. The Applicants have sought the appointment of a CRO, in part, to address some of the identified governance issues. In the Pre-Filing Report, the Monitor noted the potential the appointment of a CRO and continues to see some benefit of having someone independent of Ms. Robertson and Mr. Beazley being responsible for making decisions on behalf of the Applicants in these CCAA proceedings. In order for the Monitor’s ongoing investigation to proceed appropriately, without any conflict or appearance of any conflict, the Monitor needs to be able to communicate with the Applicants in an appropriate manner and at an appropriate time. If a CRO is appointed, a structure and protocols could be implemented to ensure only the CRO, as an independent representative of the Applicants, receives full and immediate

updates on the Monitor's ongoing efforts and findings. The Monitor will consult with the Applicants and Representative Counsel in respect of such protocols.

64. The Monitor notes that the proposed appointment of the CRO provides that the Applicants through the CRO would be in charge of any ongoing investigations in respect of the Applicants' business, affairs and assets. As previously indicated to the Court, the Monitor intended to carry out that investigation which has already commenced as set out above. With the appointment of a CRO, the CRO would be able to receive updates from the Monitor regarding the investigation and participate or consult with the Monitor, as necessary, provided that appropriate protocols are in place. However, the Monitor does not believe that it is necessary or appropriate to incur the cost or delay of having the CRO duplicating the Monitor's investigation efforts or restarting the investigations through an alternative process at this time.

#### **STAY EXTENSION REQUEST**

65. Pursuant to the Initial Order, the stay of proceedings in respect of the Applicants expires on March 7, 2019. The Applicants have requested an extension of the stay of proceedings for a period of either 45 days or 60 days. The Monitor is of the view that an extension of the stay of proceedings is appropriate and the Applicants have worked with due diligence and in good faith since the Filing Date.
66. Representative Counsel has informed the Applicants and the Monitor that it believes the stay of proceedings should only be extended for 30 days at this time and any extension should be without prejudice to Representative Counsel's right to seek relief to vary or amend the Initial Order given that the Committee of Affected Users has not been appointed.

67. The Monitor does note that the Representative Counsel will be able to take a more active role in the CCAA proceedings once the Committee of Affected Users has been appointed and Representative Counsel is able to receive instructions from the committee. The Monitor believes the issue can be resolved by granting one of the requests of Representative Counsel - either only a 30-day extension of the stay of proceedings or clarification that the extension of the stay of proceedings for 45 days or 60 days is without prejudice to Representative Counsel's right to amend or vary the requested relief once the Committee of Affected Users is appointed.

## **CASH FLOW FORECAST**

### **Cash Flow Projection Variance Analysis**

68. Attached as **Appendix "D"** to the Third Report is a variance analysis comparing the Applicants actual cash flow for the four-week period February 5, 2019 to March 1, 2019 (the "**Period**") to the cash flow projection included within the Pre-Filing Report.

69. Actual cash receipts during the Period totalled \$25,681,269 compared with forecast receipts of \$31,840,817 resulting in an unfavourable variance of \$6,159,548. The Period variance is comprised of:

- (a) \$254,180 positive permanent variance attributable to the identification and collection of proceeds from a previously unidentified bank account;
- (b) \$589,388 negative timing variance relating to uncollected Third Party Processor receivables. Demands for the return of funds have been issued however the timing and quantum of future collections remains uncertain;

- (c) \$5,824,340 negative timing variance associated with the endorsement and deposit of the Bulk Drafts. The Applicants are actively pursuing the assignment and endorsement of the Bulk Drafts in favour of the Monitor.
70. Period disbursements from the Disbursement Account totalled \$953,230 including \$778,214 transferred to the separate account for the Disputed Amount pursuant to the terms of the Banking Arrangements Order. Actual disbursements from the estate accounts totalled \$175,016 compared with forecast disbursements of \$939,047 resulting in a favourable variance of \$764,031. The favourable variance is primarily comprised of:
- (a) \$65,604 positive permanent variance arising from an initial overestimate of independent contractor fees for the Period;
  - (b) \$300,000 positive timing variance associated with the repayment of the interim funding provided by Jennifer Robertson;
  - (c) \$60,959 negative permanent variance related to the payment of personal funds to Mr. Reyes pursuant to the Banking Arrangements Order which had not been initially forecast; and
  - (d) \$410,000 positive temporary variance relating to professional fee disbursements.

### **Revised Cash Flow Projection**

71. The Applicants, with the assistance of the Monitor, have prepared a revised cash flow forecast incorporating actual results for the Period and projected results for the thirteen-week period ending May 31, 2019 (the “**Amended Cash Flow**”). The Amended Cash Flow is attached to the Third Report as **Appendix “E”**. The Amended Cash Flow has been prepared

by management for the purpose described in the accompanying notes using probable and hypothetical assumptions set out therein.

72. The Monitor's review of the Amended Cash Flow consisted of inquiries, analytical procedures and discussions related to information supplied to us by management. Since hypothetical assumptions need not be supported, our procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Amended Cash Flow.

73. Based on the Monitor's review, nothing has come to its attention that causes the Monitor to believe that, in all material respects:

(a) The hypothetical assumptions are not consistent with the purpose of the Amended Cash Flow;

(b) As at the date of this Third Report, the probable assumptions developed by Management are not suitably supported and consistent with the Applicants' plans or do not provide a reasonable basis for the Amended Cash Flow, given the hypothetical assumptions; and

(c) The Amended Cash Flow does not reflect the probable and hypothetical assumptions.

74. Since the Amended Cash Flow is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur and the variations may be material. Accordingly, the Monitor expresses no assurance as to whether the Amended Cash Flow will be achieved. The Monitor further expresses no opinion or other form of assurance with respect to the accuracy of any financial information presented in this Third Report.

75. The Amended Cash Flow has been prepared solely for the purpose described in the notes accompanying the Amended Cash Flow and readers are cautioned that it may not be appropriate for other purposes.

#### **MONITOR'S RECOMMENDATIONS**

76. Subject to the comments above regarding the appointment of the CRO and the extension of the stay of proceedings, the Monitor supports the relief sought by the Applicants.

77. The Monitor further requests that the Court grant relief authorizing and directing AWS to provide access to the AWS Account to the Monitor and the Applicants.

All of which is respectfully submitted this 1<sup>st</sup> day of March 2019.

#### **ERNST & YOUNG INC.**

In its capacity as the Court-appointed Monitor  
in the matter of the proposed compromise and arrangement of  
Quadriga Fintech Solutions Corp, Whiteside Capital Corporation and 0984750 B.C. Ltd.



---

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

**Appendix "A"**  
**Order of the Ontario Superior Court of Justice**

**[Attached]**

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
**(Commercial List)**

THE HONOURABLE

*JUSTICE HAINES*

)  
) *Murray* DAY THE *3* DAY  
)  
) OF *December*, 2018  
)



BETWEEN:

CANADIAN IMPERIAL BANK OF COMMERCE

Applicant

- and -

COSTODIAN INC., BILLERFY LABS INC., JOSE REYES, and  
0984750 B.C. LTD. d/b/a QUADRIGACX

Respondents

**ORDER**

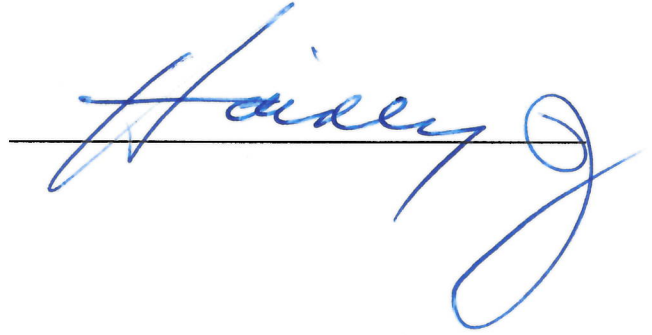
**THIS MOTION** made by the Respondent, 0984750 B.C. LTD. d/b/a QUADRIGACX, was heard this day at the Courthouse located at <sup>*330*</sup>~~303~~ University Avenue, Toronto, Ontario. *3/11*

**ON READING** the Notice of Motion, Supplementary Affidavit of Gerald Cotton, and Affidavit of Christina Shiwsankar, and on hearing submissions of counsel:



1. **THIS COURT ORDERS** that the monies paid to the Accountant of the Superior Court pursuant to the Order entered on November 21, 2018, in the amount of USD \$70,074.69 and CAD \$25,754,525.20, shall be immediately released, except for the following:
  - a. R S Land and Cattle Ltd. (in the amount of \$99,985.00) and 1111602 B.C. Ltd. (in the amount of \$101,085.00), to be held back by the Accountant from the amount paid out pursuant to paragraph 1 and dealt with as set out below; and
  - b. Rupinder Judge, whose deposit was previously reversed by the Applicant in accordance with his wire instructions and which amount did not form part of the Disputed Funds paid into Court pursuant to the November 21, 2018 Order;
2. **THIS COURT ORDERS** the Accountant of the Superior Court to return the amount of the funds described in paragraph 1(a) to the Applicant and a Direction to the Applicant to return the amounts identified to R S Land and Cattle Ltd. and to 1111602 B.C. Ltd. forthwith
3. **THIS COURT ORDERS** that Costodian Inc., provide notice within 7 days of this Order to the parties described in paragraph 1(a), namely, R S Land and Cattle Ltd. and 1111602 B.C. Ltd., that their deposit amounts have been paid into Court and that they, or their counsel, may apply to the Court by motion in writing requesting the release of those funds; or, in the alternative,
4. **THIS COURT ORDERS** the Accountant of the Superior Court to release the funds set out in paragraph 1 to the Respondent, Costodian Inc., to be thereafter further distributed by Costodian Inc. to its co-Respondents, 0984750 B.C. Ltd. d/b/a QuadrigaCX, Billerfy Labs

Inc., Jose Reyes and itself in accordance with the contractual agreements between those Respondents.



ENTERED AT / INSCRIT A TORONTO  
ON / BOOK NO:  
LE / DANS LE REGISTRE NO:

DEC 05 2018

PER / PAR: 

CANADIAN IMPERIAL BANK OF COMMERCE

and

COSTODIAN INC. et al.

Court File No: CV-18-597240-00CL

Applicant

Respondents

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
**(Commercial List)**  
  
Proceeding commenced at TORONTO

**ORDER**

**WADDELL PHILLIPS**  
**Professional Corporation**  
36 Toronto Street, Suite 1120  
Toronto, ON M5C 2C5

**Margaret L. Waddell**  
LSO#: 29860U  
marg@waddellphillips.ca

**John K. Phillips**  
LSA #8295 / LSO#: 46206E  
john@waddellphillips.ca

Tel: (647) 261-4486  
Fax: (416) 477-1657

Lawyers for the Respondent, 0984750 B.C.  
LTD. d/b/a QUADRIGACX

**Appendix "B"**  
**Representative Counsel Reporting Letter**

**[Attached]**



**MILLER THOMSON**  
AVOCATS | LAWYERS

MILLER THOMSON LLP  
SCOTIA PLAZA  
40 KING STREET WEST, SUITE 5800  
P.O. BOX 1011  
TORONTO, ON M5H 3S1  
CANADA

T 416.595.8500  
F 416.595.8695

MILLERTHOMSON.COM

February 28, 2019

*Via Email*

Stikeman Elliott LLP  
5300 Commerce Court West  
199 Bay Street  
Toronto, Ontario  
Canada M5L 1B9

**Gregory Azeff**  
Direct Line: 416.595.2660  
gazeff@millertomson.com

**Attention: Elizabeth Pillon**

Dear Ms. Pillon:

**Re: Quadriga Fintech Solutions Corp., Whiteside Capital Corporation and 0984750 B.C. Ltd. (dba QuadrigaCX and Quadriga Coin Exchange) (collectively, the “Applicants”)**

Pursuant to the Order of the Honourable Mr. Justice Michael J. Wood of the Supreme Court of Nova Scotia (the “**Court**”) issued February 5, 2019 (the “**Initial Order**”), the Applicants were granted protection under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c.C-36, as amended (the “**CCAA**”). Pursuant to the Initial Order, Ernst & Young Inc. was appointed as Monitor (in such capacity, the “**Monitor**”).

Pursuant to the Decision of Justice Wood dated February 19, 2019 (the “**Representative Counsel Decision**”), Miller Thomson LLP and Cox & Palmer were selected as counsel (in such capacity, the “**Representative Counsel**”) to the approximately 115,000 users affected by the shutdown of the QuadrigaCX platform (collectively, the “**Affected Users**”).

The purpose of this letter is to report to the Monitor and the Applicants regarding the steps taken by Representative Counsel since the date of the Representative Counsel Decision, as well as its anticipated next steps.

### **Activities Thus Far**

Since its selection on February 19, 2019, Representative Counsel has engaged in the following activities and conduct:

- (i) Negotiated with the Monitor and the Applicants regarding the terms of the Order of the Court issued February 28, 2019 (the “**Representative Counsel Order**”) memorializing the terms of the Representative Counsel Decision;

- (ii) Negotiated with the Monitor regarding the terms of a non-disclosure agreement governing disclosure of information by the Monitor to Representative Counsel related to the business and affairs of the Applicants;
- (iii) Established a publicly-available website (the “**Representative Counsel Website**”) to host information and documents related to the CCAA Proceeding and the mandate of Representative Counsel;<sup>1</sup>
- (iv) Established an email address ([quadrigacx@millerthomson.com](mailto:quadrigacx@millerthomson.com)) for Affected Users to contact Representative Counsel;
- (v) Responded to telephone and email inquiries from approximately 700 Affected Users;
- (vi) Consolidated and anonymized inquiries from Affected Users and provided responses in a “Questions & Answers” section on the Representative Counsel Website;
- (vii) In consultation with the Monitor, developed procedures and protocols for the establishment of a committee of Affected Users (the “**Official Committee**”) to instruct Representative Counsel;
- (viii) Developed foundational and governance documents in respect of the Official Committee;
- (ix) Solicited applications (“**Official Committee Applications**”) from Affected Users interested in membership on the Official Committee (the “**Official Committee Applicants**”);
- (x) Reviewed approximately 30 Official Committee Applications and conducted telephone interviews with certain of the Official Committee Applicants;
- (xi) Issued three written updates (collectively, the “**Representative Counsel Updates**”) to Affected Users regarding the status of the CCAA Proceeding;<sup>2</sup>
- (xii) Consulted with the Monitor and the Applicants with respect to the conduct of the CCAA Proceeding and the business and affairs of the Applicants;
- (xiii) Engaged with Affected Users on social media platforms including Telegram and Reddit;

---

<sup>1</sup> (Available at <https://www.millerthomson.com/en/quadrigacx/>)

<sup>2</sup> Each of the Representative Counsel Updates is available on the Representative Counsel Website.



- (xiv) Issued a press release in order to publicize the URL of the Representative Counsel Website;
- (xv) Prepared a preliminary budget in respect of the activities of Representative Counsel;
- (xvi) Attended the Motion on February 22, 2019;
- (xvii) Reviewed and considered materials filed in connection with the Applicants' Motion returnable March 5, 2019 (the "**Comeback Motion**");
- (xviii) Advised the Applicants with respect to the position of Representative Counsel regarding the relief to be sought by the Applicants at the Comeback Motion;
- (xix) Delivered a letter dated February 28, 2019 to the Monitor setting out Representative Counsel's position with respect to the relief to be sought by the Applicants at the Comeback Motion;
- (xx) Negotiated with the Applicants regarding their proposed appointment of Grant Thornton Limited as Chief Restructuring Officer; and
- (xxi) Hosted two mass telephone conference calls with Affected Users on February 28, 2019.

#### **Next Steps Regarding Official Committee**

As noted above, Representative Counsel has made significant progress toward establishment of the Official Committee. Representative Counsel anticipates that it will deliver its recommendations regarding the composition of the Official Committee to the Monitor on or before March 11, 2019.

In accordance with the Representative Counsel Order, composition of the Official Committee is subject to Court approval. Subject to the Court's advice and direction, Representative Counsel intends to submit its recommendations and request such approval by letter to the Court accompanied by a draft Order. Representative Counsel intends to seek further guidance in this regard from the Court at the Comeback Motion.

#### **Conclusion**

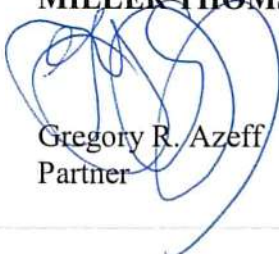
We understand that the Monitor intends to issue its Third Report to the Court on Friday March 1, 2019 in connection with the Comeback Motion. We would be pleased if the Monitor would include this letter in the Third Report in order to inform the Court as to Representative Counsel's activities thus far and intended course of action.



We trust that the foregoing is satisfactory. Please do not hesitate to contact the undersigned with any questions or comments.

Yours truly,

**MILLER THOMSON LLP**

  
Gregory R. Azeff  
Partner

---





**Appendix “C”**  
**Sample of the AWS Account Invoices**

**[Attached]**



Account number:  
301135479418

Bill to Address:  
ATTN: Gerald Cotten

## Amazon Web Services Invoice

Email or talk to us about your AWS account or bill, visit [aws.amazon.com/contact-us/](http://aws.amazon.com/contact-us/)

### Invoice Summary

Invoice Number:	125049927
Invoice Date:	February 3 , 2018
<b>TOTAL AMOUNT DUE ON February 3 , 2018</b>	<b>\$14,606.12</b>

This invoice is for the billing period January 1 - January 31 , 2018

Greetings from Amazon Web Services, we're writing to provide you with an electronic invoice for your use of AWS services. Additional information regarding your bill, individual service charge details, and your account history are available on the Account Activity Page.

Summary	
<b>AWS Service Charges</b>	<b>\$14,606.12</b>
Charges	\$14,604.30
Credits	\$0.00
Tax *	\$1.82
<b>Total for this invoice</b>	<b>\$14,606.12</b>

Detail	
<b>Amazon Simple Storage Service</b>	<b>\$416.71</b>
Charges	\$416.71
VAT **	\$0.00
<b>AWS Data Transfer</b>	<b>\$3,258.17</b>
Charges	\$3,258.17
VAT **	\$0.00
<b>AmazonCloudWatch</b>	<b>\$37.80</b>
Charges	\$37.80
VAT **	\$0.00
<b>Amazon Elastic File System</b>	<b>\$0.01</b>
Charges	\$0.01
VAT **	\$0.00

\* May include estimated US sales tax, VAT, GST and CT.

Amazon Web Services, Inc. foreign registration number is 00004

AWS, Inc. is a "Registered Foreign Supplier" under Japanese Consumption Tax Law and therefore AWS, Inc. is required to declare and pay consumption tax in respect of this transaction (as a "Digital Service") to the Japan Tax Authority.

\*\* This is not a VAT or GST invoice

\*\*\*\* Please reference the tax invoice for a breakout of the Canadian taxes by type

† Usage and recurring charges for this statement period will be charged on your next billing date. The amount of your actual charges for this statement period may differ from the charges shown on this page. The charges shown on this page do not include any additional usage charges accrued during this statement period after the date you are viewing this page. Also, one-time fees and subscription charges are assessed separately, on the date that they occur.

All charges and prices are in US Dollars

All AWS Services are sold by Amazon Web Services, Inc.

**Service Provider:**

**(Not to be used for payment remittance)**

Amazon Web Services, Inc.

410 Terry Ave North

Seattle , WA 98109-5210 , US

<b>Amazon Relational Database Service</b>	<b>\$649.14</b>
Charges	\$649.14
VAT **	\$0.00
<b>AWS Support (Business)</b>	<b>\$13.34</b>
Charges	\$11.60
VAT **	\$0.00
Canada GST/HST/QST ****	\$1.74
<b>AWS CloudTrail</b>	<b>\$0.00</b>
Charges	\$0.00
VAT **	\$0.00
<b>Amazon Elastic Compute Cloud</b>	<b>\$10,230.37</b>
Charges	\$10,230.37
VAT **	\$0.00
<b>AWS Key Management Service</b>	<b>\$0.00</b>
Charges	\$0.00
VAT **	\$0.00
<b>Amazon Simple Notification Service</b>	<b>\$0.00</b>
Charges	\$0.00
VAT **	\$0.00
<b>Amazon Route 53</b>	<b>\$0.58</b>
Charges	\$0.50
VAT **	\$0.00
Canada GST/HST/QST ****	\$0.08

\* May include estimated US sales tax, VAT, GST and CT.

Amazon Web Services, Inc. foreign registration number is 00004

AWS, Inc. is a "Registered Foreign Supplier" under Japanese Consumption Tax Law and therefore AWS, Inc. is required to declare and pay consumption tax in respect of this transaction (as a "Digital Service") to the Japan Tax Authority.

\*\* This is not a VAT or GST invoice

\*\*\*\* Please reference the tax invoice for a breakout of the Canadian taxes by type

† Usage and recurring charges for this statement period will be charged on your next billing date. The amount of your actual charges for this statement period may differ from the charges shown on this page. The charges shown on this page do not include any additional usage charges accrued during this statement period after the date you are viewing this page. Also, one-time fees and subscription charges are assessed separately, on the date that they occur.

All charges and prices are in US Dollars

All AWS Services are sold by Amazon Web Services, Inc.

**Service Provider:**

**(Not to be used for payment remittance)**

Amazon Web Services, Inc.

410 Terry Ave North

Seattle, WA 98109-5210, US



Account number:  
301135479418

Bill to Address:  
ATTN: Jose Reyes

## Amazon Web Services, Inc. Invoice

Email or talk to us about your AWS account or bill, visit [aws.amazon.com/contact-us/](http://aws.amazon.com/contact-us/)

### Invoice Summary

Invoice Number: 166736540  
Invoice Date: February 3, 2019

**TOTAL AMOUNT DUE ON February 3, 2019 \$16,487.00**

This invoice is for the billing period January 1 - January 31, 2019

Greetings from Amazon Web Services, we're writing to provide you with an electronic invoice for your use of AWS services. Additional information about your bill, individual service charge details, and your account history are available on the Account Activity Page.

Summary	
<b>AWS Service Charges</b>	<b>\$16,487.00</b>
Charges	\$16,311.75
Credits	\$0.00
Tax *	\$175.25
<b>Total for this invoice</b>	<b>\$16,487.00</b>

Detail	
<b>Amazon Simple Storage Service</b>	<b>\$1,522.26</b>
Charges	\$1,522.26
VAT **	\$0.00
<b>AWS Data Transfer</b>	<b>\$1,039.35</b>
Charges	\$1,039.35
VAT **	\$0.00
<b>Amazon Elastic File System</b>	<b>\$0.00</b>
Charges	\$0.00
VAT **	\$0.00
<b>AmazonCloudWatch</b>	<b>\$3.30</b>
Charges	\$3.30
VAT **	\$0.00

\* May include estimated US sales tax, VAT, GST and CT.

Amazon Web Services, Inc. foreign registration number is 00004

AWS, Inc. is a "Registered Foreign Supplier" under Japanese Consumption Tax Law and therefore AWS, Inc. is required to declare and pay consumption tax in respect of this transaction (as a "Digital Service") to the Japan Tax Authority.

\*\* This is not a VAT or GST invoice

\*\*\*\* Please reference the tax invoice for a breakout of the Canadian taxes by type

† Usage and recurring charges for this statement period will be charged on your next billing date. The amount of your actual charges for this statement period may differ from the charges shown on this page. The charges shown on this page do not include any additional usage charges accrued during this statement period after the date you are viewing this page. Also, one-time fees and subscription charges are assessed separately, on the date that they occur.

All charges and prices are in US Dollars

All AWS Services are sold by Amazon Web Services, Inc.

**Service Provider:**

**(Not to be used for payment remittance)**

Amazon Web Services, Inc.

410 Terry Ave North

Seattle, WA 98109-5210, US

<b>Amazon Relational Database Service</b>	<b>\$733.52</b>
Charges	\$733.52
VAT **	\$0.00
<b>AWS CloudTrail</b>	<b>\$0.00</b>
Charges	\$0.00
VAT **	\$0.00
<b>AWS Support (Business)</b>	<b>\$1,522.68</b>
Charges	\$1,347.50
VAT **	\$0.00
Canada GST/HST/QST ****	\$175.18
<b>Amazon Elastic Compute Cloud</b>	<b>\$11,665.32</b>
Charges	\$11,665.32
VAT **	\$0.00
<b>AWS Key Management Service</b>	<b>\$0.00</b>
Charges	\$0.00
VAT **	\$0.00
<b>Amazon Route 53</b>	<b>\$0.57</b>
Charges	\$0.50
VAT **	\$0.00
Canada GST/HST/QST ****	\$0.07
<b>Amazon Simple Notification Service</b>	<b>\$0.00</b>
Charges	\$0.00
VAT **	\$0.00

\* May include estimated US sales tax, VAT, GST and CT.

Amazon Web Services, Inc. foreign registration number is 00004

AWS, Inc. is a "Registered Foreign Supplier" under Japanese Consumption Tax Law and therefore AWS, Inc. is required to declare and pay consumption tax in respect of this transaction (as a "Digital Service") to the Japan Tax Authority.

\*\* This is not a VAT or GST invoice

\*\*\*\* Please reference the tax invoice for a breakout of the Canadian taxes by type

† Usage and recurring charges for this statement period will be charged on your next billing date. The amount of your actual charges for this statement period may differ from the charges shown on this page. The charges shown on this page do not include any additional usage charges accrued during this statement period after the date you are viewing this page. Also, one-time fees and subscription charges are assessed separately, on the date that they occur.

All charges and prices are in US Dollars

All AWS Services are sold by Amazon Web Services, Inc.

**Service Provider:**

**(Not to be used for payment remittance)**

Amazon Web Services, Inc.

410 Terry Ave North

Seattle, WA 98109-5210, US

**Appendix "D"**  
**Cash Flow Projection Variance Analysis**

**[Attached]**

**QUADRIGA FINTECH SOLUTIONS CORP.**

Cash Flow Forecast to Actual

Unaudited - see Notice to Reader

*All figures in nominal C\$, unless otherwise noted*

	<b>Actual</b>	<b>Forecast</b>	<b>Variance</b>
Date - beginning of period	05-Feb-19	05-Feb-19	
Date - end of period	01-Mar-19	01-Mar-19	
<b>Opening available cash balance</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>Receipts</u></b>			
Cash on hand	\$254,180	-	\$254,180
Third party payment processors	\$5,000	\$594,388	(\$589,388)
Bank Drafts - BMO	\$25,272,089	\$25,272,089	-
Bank Drafts - Other	-	\$5,824,340	(\$5,824,340)
Advance from Shareholder	\$150,000	\$150,000	-
<b>Total receipts</b>	<b>\$25,681,269</b>	<b>\$31,840,817</b>	<b>(\$6,159,548)</b>
<b><u>Disbursements</u></b>			
Independent Contractors	\$46,881	\$112,485	(\$65,604)
Amazon Web Services (server hosting)	-	\$25,000	(\$25,000)
Sendgrid (email provider)	-	-	-
Freshdesk (support system)	-	\$720	(\$720)
Fastmail (email services)	-	\$50	(\$50)
DomainSure	-	\$792	(\$792)
Cloudflare	-	-	-
Repayment of shareholder advances	-	\$300,000	(\$300,000)
Jose Reyes personal funds	\$60,959	-	\$60,959
Transfer to disputed amounts	\$778,214	-	\$778,214
Miscellaneous	\$68	\$25,000	(\$24,932)
<b><u>Professional fees</u></b>			
Court-appointed Monitor	-	\$125,000	(\$125,000)
Monitor Counsel	\$50,000	\$175,000	(\$125,000)
Company Counsel	-	\$125,000	(\$125,000)
Other consultants	\$14,878	\$50,000	(\$35,122)
HST on disbursements	\$2,232	-	\$2,232
<b>Total disbursements</b>	<b>\$953,230</b>	<b>\$939,047</b>	<b>\$14,183</b>
<b>Net cash flow</b>	<b>\$24,728,039</b>	<b>\$30,901,770</b>	<b>(\$6,173,731)</b>

**Appendix “E”  
Revised Cash Flow Projection**

**[Attached]**



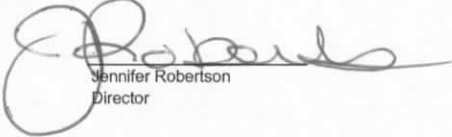
**QUADRIGA - DISBURSEMENT ACCOUNT**

Cash Flow Forecast for the period of 05 February 2019 to 31 May 2019

Unaudited - see Notice to Reader

All figures in nominal C\$, unless otherwise noted

Period	Actual	Notes	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
			Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10	Week 11	Week 12	Week 13
Date - beginning of period	05-Feb-19		02-Mar-19	09-Mar-19	16-Mar-19	23-Mar-19	30-Mar-19	06-Apr-19	13-Apr-19	20-Apr-19	27-Apr-19	04-May-19	11-May-19	18-May-19	25-May-19
Date - end of period	01-Mar-19		08-Mar-19	15-Mar-19	22-Mar-19	29-Mar-19	05-Apr-19	12-Apr-19	19-Apr-19	26-Apr-19	03-May-19	10-May-19	17-May-19	24-May-19	31-May-19
<b>Opening Available Cash Balance</b>	-		<b>\$24,720,990</b>	<b>\$23,617,172</b>	<b>\$23,471,522</b>	<b>\$23,300,022</b>	<b>\$29,639,999</b>	<b>\$29,212,499</b>	<b>\$28,859,849</b>	<b>\$28,688,349</b>	<b>\$28,614,599</b>	<b>\$28,443,099</b>	<b>\$28,349,199</b>	<b>\$28,177,699</b>	<b>\$28,103,949</b>
<b>Receipts</b>															
Cash on hand	\$254,180		-	-	-	-	-	-	-	-	-	-	-	-	-
Third party payment processors (others)	\$5,000	1	-	-	-	\$589,388	-	-	-	-	-	-	-	-	-
Third party payment processors (BMO drafts)	\$25,272,089		-	-	-	-	-	-	-	-	-	-	-	-	-
Bank Drafts - Other	-		-	-	-	\$5,824,340	-	-	-	-	-	-	-	-	-
Interim financing	\$150,000		-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Receipts</b>	<b>\$25,681,269</b>		-	-	-	<b>\$6,413,728</b>	-	-	-	-	-	-	-	-	-
<b>Disbursements</b>															
Independent Contractors	\$46,881	2	\$17,000	\$17,000	\$17,000	\$17,000	\$158,000	\$17,000	\$17,000	\$17,000	\$17,000	\$17,000	\$17,000	\$17,000	\$17,000
Amazon Web Services (server hosting)	-		-	\$17,000	-	-	-	\$17,000	-	-	-	\$17,000	-	-	-
Sendgrid (email provider)	-		-	\$1,000	-	-	-	\$1,000	-	-	-	\$1,000	-	-	-
Freshdesk (support system)	-		-	\$1,000	-	-	-	\$1,000	-	-	-	\$1,000	-	-	-
Fastmail (email services)	-		-	\$50	-	-	-	\$50	-	-	-	\$50	-	-	-
DomainSure	-		-	\$800	-	-	-	\$800	-	-	-	\$800	-	-	-
Cloudflare	-		-	\$300	-	-	-	\$300	-	-	-	\$300	-	-	-
Repayment of shareholder advances	-	3	\$300,000	-	-	-	-	-	-	-	-	-	-	-	-
Jose Reyes personal funds	\$60,959	4	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to Disputed Amount Account	\$778,214	4	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	\$68		\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
<b>Professional fees</b>															
Court-appointed Monitor	-	5	\$200,000	-	\$50,000	-	\$50,000	-	\$50,000	-	\$50,000	-	\$50,000	-	\$50,000
Monitor Counsel	\$50,000	5	\$250,000	-	\$50,000	-	\$50,000	-	\$50,000	-	\$50,000	-	\$50,000	-	\$50,000
Company Counsel	-	5	\$229,842	\$50,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000
Representative Counsel	-	5	-	\$25,000	-	-	-	\$225,000	-	-	-	-	-	-	-
Chief Restructuring Officer	-	5	-	\$15,000	-	\$15,000	-	\$15,000	-	\$15,000	-	\$15,000	-	\$15,000	-
Other consultants	\$14,878		-	-	-	-	\$100,000	-	-	-	-	-	-	-	-
HST on disbursements	\$2,232		\$101,976	\$13,500	\$19,500	\$6,750	\$34,500	\$40,500	\$19,500	\$6,750	\$19,500	\$6,750	\$19,500	\$6,750	\$19,500
<b>Total Disbursements</b>	<b>\$953,230</b>		<b>\$1,103,818</b>	<b>\$145,650</b>	<b>\$171,500</b>	<b>\$73,750</b>	<b>\$427,500</b>	<b>\$352,650</b>	<b>\$171,500</b>	<b>\$73,750</b>	<b>\$171,500</b>	<b>\$93,900</b>	<b>\$171,500</b>	<b>\$73,750</b>	<b>\$171,500</b>
<b>Net Cash Flow</b>	<b>\$24,728,039</b>		<b>(\$1,103,818)</b>	<b>(\$145,650)</b>	<b>(\$171,500)</b>	<b>\$6,339,978</b>	<b>(\$427,500)</b>	<b>(\$352,650)</b>	<b>(\$171,500)</b>	<b>(\$73,750)</b>	<b>(\$171,500)</b>	<b>(\$93,900)</b>	<b>(\$171,500)</b>	<b>(\$73,750)</b>	<b>(\$171,500)</b>
<b>Closing Available Cash Balance - Disbursement Account</b>	<b>\$24,728,039</b>		<b>\$23,617,172</b>	<b>\$23,471,522</b>	<b>\$23,300,022</b>	<b>\$29,639,999</b>	<b>\$29,212,499</b>	<b>\$28,859,849</b>	<b>\$28,688,349</b>	<b>\$28,614,599</b>	<b>\$28,443,099</b>	<b>\$28,349,199</b>	<b>\$28,177,699</b>	<b>\$28,103,949</b>	<b>\$27,932,449</b>
<b>Quadriga - Disputed Account Balance</b>	<b>\$778,214</b>		<b>\$778,214</b>	<b>\$778,214</b>	<b>\$778,214</b>	<b>\$778,214</b>	<b>\$778,214</b>	<b>\$778,214</b>	<b>\$778,214</b>	<b>\$778,214</b>	<b>\$778,214</b>	<b>\$778,214</b>	<b>\$778,214</b>	<b>\$778,214</b>	<b>\$778,214</b>

  
 Jennifer Robertson  
 Director

March 1 2019  
 Date

**QUADRIGA**

Cash Flow Forecast for the period of 05 February 2019 to 31 May 2019

Unaudited - see Notice to Reader

*Notes to the Cash Flow Projection*

---

**Management of Quadriga have prepared this forecasted cash flow statement based on probable and hypothetical assumptions detailed in the notes below.**

**The forecast has been prepared solely for the Company's CCAA filing to determine liquidity requirements. Since the projections are based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material. Consequently, readers are cautioned that it may not be appropriate for other uses.**

Note 1: The Company has a number of Third Party Payment Processors who hold cash on behalf of Quadriga. Demands for the return of Quadriga funds have been initiated. Amounts recoverable from payment processors are unknown at this time.

Note 2: The Company has terminated all of its independent contractors with the exception of two resources who will continue to provide services to the organization.

Note 3: Repayment of interim funding arrangements from the most significant shareholder.

Note 4: Payments pursuant to paragraphs 8(a) and 8(b) of the Banking Arrangements Order dated February 22, 2019.

Note 5: Professional fees payable to the Court-appointed Monitor, Monitor Counsel, Company Counsel, Representative Counsel and the Chief Restructuring Officer at standard hourly rates.