

## Affected Users:

This is the second communication to Affected Users from Representative Counsel to update Affected Users on certain matters within Quadriga's CCAA proceedings.

### **Banking Arrangements Motion**

A hearing occurred on Friday, February 22, 2019 (the "**Banking Arrangements Motion**") for an order granting various relief related to Quadriga's banking arrangements, including with respect to certain bank drafts. Cox & Palmer was present at the Banking Arrangements Motion for Representative Counsel. Below is a summary of the outcome.

The Court issued an order (the "**Banking Arrangements Order**") at the request of the Monitor dealing with the handling of bank drafts issued in the name of Quadriga and related companies. The banks handling the drafts were provided limited protection for claims against them arising from carrying out the terms of the Banking Arrangements Order, except claims arising from their negligence or intentional misconduct. The deposited amounts will be held in a trust account established by the Monitor pursuant to the Initial Order. \$60,958.64 was determined by the Monitor to be the property of Jose Reyes (principal of Custodian Inc.) and was ordered to be paid to Mr. Reyes. The Court ordered the Monitor to hold the amount of \$778,213.94 – which Custodian Inc. alleged was owing to it for transaction fees that were not paid by Quadriga – to be held in a separate trust account by the Monitor pending further order of the Court. The Banking Arrangements Order is in the process of being issued.

### **Call for Applications to be on the Official Committee of Affected Users**

Pursuant to the Decision of the Honourable Mr. Justice Michael Wood of the Nova Scotia Supreme Court released February 19, 2019 (the "**Representative Counsel Decision**"), Representative Counsel was directed to, in consultation with the Monitor, appoint the Official Committee of Affected Users (the "**Official Committee**"). The Official Committee is expected to consist of 5 to 7 Affected Users ("**Committee Members**") that are representative of the diverse interests comprising the Affected Users.

If you are an Affected User interested in applying for the position of Committee Member on the Official Committee, please send the following information to [CommitteeApplications@millerthomson.com](mailto:CommitteeApplications@millerthomson.com) (Attention: Representative Counsel):

- your full name and mailing address;
- your client-ID for Quadriga's cryptocurrency exchange;
- the amount of your claim against Quadriga, including the nature of such claim (fiat currency, cryptocurrency, "pending" withdrawal or "completed" withdrawal);
- a statement of no more than 200 words expressing your interest in becoming a Committee Member and summarizing your qualifications, specifically highlighting any expertise or experience you may have with cryptocurrency, governance and/or formal restructuring proceedings under the *Companies' Creditors Arrangement Act*;
- if applicable, your Reddit and/or Telegram username; and
- a copy of your most recent curriculum vitae and/or a PDF copy of your LinkedIn profile.

If you are selected as a Committee Member, you should expect, at a minimum, the following:

- your identity will be made public;

- you may be required to consent to a criminal background check;
- there will be a significant time commitment during these CCAA proceedings to work with and, where appropriate, instruct Representative Counsel, including:
  - participating in “town hall” meetings with Affected Users;
  - responding to communications from Affected Users;
  - becoming an affiant for court materials prepared by Representative Counsel (including being subject to any cross-examination arising as a result);
  - reviewing court documents and other relevant materials related to these CCAA Proceedings; and
  - such other duties and responsibilities as may be required by the Representative Counsel in order for it to fulfill its mandate.

### **Motion returnable March 5, 2019**

The Company served court materials today for a motion to be heard on March 5, 2019 seeking: (i) an extension of the stay of proceedings granted under the Initial Order for 45 to 60 days; and (ii) the appointment of a Chief Restructuring Officer (the “**Motion**”).

Representative Counsel is reviewing and considering the Motion. Further communication will be provided to Affected Users in that respect.

### **Links**

The related court materials for the Banking Arrangements Motion will be posted on the [Monitor’s website](#).

The Representative Counsel’s website can be found [here](#).

