



Questions from Affected Users

April 9, 2019

The Official Committee of Affected Users (the “**Official Committee**”) submitted the following list of questions, collected from various Telegram group chats, to Representative Counsel (as defined below) during an Official Committee Meeting on April 2, 2019.

Miller Thomson LLP and Cox and Palmer (collectively, “**Representative Counsel**”) are not at liberty to discuss the status of ongoing investigations by Ernst & Young, the Court-appointed Monitor (in such capacity, the “**Monitor**”). Representative Counsel and the Official Committee are subject to strict confidentiality obligations and will not comment on ongoing investigative work by the Monitor. For questions that deal directly with the status of the Monitor’s work or the contents of their reports, Representative Counsel recommends that Affected Users read through the Monitor’s Reports filed in these proceedings, which can be found [here](#).

Fraud & Unjust Enrichment

1. *Has the Monitor been able to find any evidence of fraud or that Gerald Cotten’s estate was unjustly enriched from Quadriga funds? Similarly, has the Monitor been able to find any evidence that Robertson Nova Property Management, Jennifer Robertson or related entities purchased properties or other assets with Quadriga funds?*

Representative Counsel and the Monitor have worked collaboratively to draft, finalize and implement a form of preservation of assets order (the “**Asset Preservation Order**”) which involves all assets held by the Cotten Estate, Ms. Robertson, the Seaglass Trust, Robertson Nova Consulting Inc. and Robertson Nova Property Management Inc. (collectively, the “**Preserving Parties**”), whether or not such assets are in the names of the respective parties and whether they are solely or jointly or beneficially owned. The Asset Preservation Order extends to assets that any of the Preserving Parties have the power, directly or indirectly, to dispose of or deal with as if their own. This step has been taken to preserve the assets of the Preserving Parties to satisfy any claims of Affected Users against the Preserving Parties. In our view, Affected Users may have claims against certain of the Preserving Parties based on the information currently disclosed in the Monitor’s Reports.

To view a copy of the draft Asset Preservation Order, please refer to Appendix “G” of the Fourth Report of the Monitor, which can be found [here](#). Representative Counsel and the Official Committee are subject to strict confidentiality obligations and will not comment on the ongoing investigation. In our view, it is in the best interests of Affected Users to allow the Monitor to continue.

2. *Has the Monitor investigated the possibility that:*
 - (a) *Gerald Cotten faked his own death*
 - (b) *Jennifer Robertson may have concealed the private keys and/or access methods to the so-called “cold wallets”, exchange accounts, or computer media containing cryptocurrency reserves*
 - (c) *Other parties (such as convicted criminal Omar Dhanini aka Michael Patryn) may have syphoned off funds from Quadriga whilst it was operational?*
 - (d) *If not, who is responsible for investigating the above possibilities in this case?*

Representative Counsel and the Official Committee are subject to strict confidentiality obligations and will not comment on ongoing investigative work by the Monitor. The primary objective of these proceedings is to trace assets for the benefit of Affected Users. All leads that may uncover Quadriga's assets are being investigated.

3. *At the moment a significant amount of funds are missing, what steps or requirements have to be met in order to make this a criminal investigation?*

Representative Counsel has not been directly contacted by the Royal Canadian Mounted Police (the "RCMP") at this point about the status of ongoing parallel criminal proceedings, if any. Affected Users are welcome to reach out to their local law enforcement agencies if they feel that they have evidence of criminal activities at hand. Representative Counsel will cooperate with law enforcement with respect to any criminal investigation, subject to the terms of the Representative Counsel Appointment Order.

Quadriga Liabilities

4. *What is the sum total of account balances belonging to the so-called "fake" internal trading accounts at QuadrigaCX?*

Representative Counsel and the Official Committee are subject to strict confidentiality obligations and will not comment on ongoing investigative work by the Monitor. The amount in the "fake" internal accounts is also irrelevant. A claims process established pursuant to a further order of the Court will ultimately determine the "universe of claims". Only claims determined to be valid claims pursuant to the claims process would be entitled to any distribution. Representative Counsel intends to expedite the commencement of the claims process.

5. *What is the confirm/audited amount owing/outstanding to creditors, excluding the aforementioned "fake" accounts, according to the Quadriga database/backend?*
- (a) *Please breakdown the currency: LTC, ETC, BTC, CAD, etc ...*
 - (b) *Please breakdown pending/withdrawing/depositing state*
 - (c) *Please breakdown completed state*

It is not in the overall best interests of Affected Users for the Monitor or Representative Counsel to spend estate resources calculating these figures as it is not relevant to the ultimate recovery of Affected Users. A claims process established pursuant to a further order of the Court will ultimately determine the "universe of claims". Only claims determined to be valid claims pursuant to the claims process would be entitled to any distribution. Representative Counsel intends to expedite the commencement of the claims process.

6. *What is the sum total and number of claims owing to QuadrigaCX customers who have contacted the Monitor to register a claim?*

It is not in the overall best interests of Affected Users for the Monitor or Representative Counsel to spend estate resources calculating these figures as it is not relevant to the ultimate recovery of Affected Users. A claims process established pursuant to a further order of the Court will ultimately determine the "universe of claims". Only claims determined to be valid claims pursuant to the claims process would be entitled to any distribution. Representative Counsel intends to expedite the commencement of the claims process.



Claim Process & Creditor Privacy

7. *What process will the Monitor use to verify claimants and distinguish them from “fake accounts”, and when is it expected this may occur?*

Claims will be verified pursuant to a claims process expected to be established by court order. Claims will be verified within the claims process. Only claims determined to be valid claims would be entitled to any distribution. Representative Counsel intends to expedite the commencement of the claims process.

8. *How will the Monitor prevent claims being made by fake accounts and/or criminal elements such as money launderers who may have been using QuadrigaCX?*

There is no mechanic for “preventing” a party from filing a claim. A claim could be determined to be invalid and not entitled to a distribution as part of a claims process, which may include claims associated with criminal activity. Claims are filed by Affected Users. A fake account is obviously not associated with a real person. If, somehow, a claim is filed in respect of an account that is determined to be “fake”, it would likely be determined to be an invalid claim.

9. *Will claimants have to pass KYC and/or identify the source of funds?*

The claims process will be governed by a court order that will establish the requirements for proving a claim. A subsequent communication will be issued by Representative Counsel regarding the claims process at the appropriate time.

10. *What steps are being taken to ensure all creditor privacy throughout the CCAA, and the claimant process?*

Part of Representative Counsel’s primary mandate is to protect the privacy of Affected Users. This is reflected, for example, in the court orders granted that continue to prescribe that the personal information of Affected Users shall remain confidential.

Payment Processors

11. *What payment processors do you have as QuadrigaCX suppliers? When will you be questioning them about their involvement?*

The Monitor discloses some of the payment processors in its Fourth Report, which can be found [here](#), along with the efforts that they have taken to question them about their involvement and about the dissemination of Quadriga funds. Representative Counsel and the Official Committee are subject to strict confidentiality obligations and will not comment on ongoing investigative work by the Monitor.

12. *What funds, if any, are held by Crypto Capital, who are known to be one of QuadrigaCX’s payment processors?*

13. *What funds are being held by POSConnect, if any, who are known to be one of QuadrigaCX’s payment processors?*

14. *What is the Monitor’s understanding of the situation with WB21, a payment processor who are allegedly holding \$9M CAD and \$2.4M USD of Quadriga funds?*



15. *Some customers' CAD withdraws were delayed starting at least before June 2018 and were eventually never paid. Did Gerald Cotten or any staff members make CAD withdraws during that period?*
16. *What blockchain analysis has the Monitor conducted thus far on Quadriga and what conclusions has it drawn from this analysis?*
17. *What are the address/es of the so-called "cold wallets"?*
18. *Has anyone reached out or been in contact with Jesse Powell of Kraken to get info or help on this matter (he has previously offered info)?*
19. *Can the Monitor confirm whether any exchanges have acknowledged holdings registered directly to Quadriga or indirectly to its Directors or Aliases, and what the sum of those holdings is?*
20. *What exchanges have been contacted thus far?*
21. *Of the exchanges that have been contacted, did the Monitor obtain all trading records as well as fiat withdrawal records?*

All of the questions listed above relate to the investigation of the Monitor. Representative Counsel and the Official Committee are subject to strict confidentiality obligations and will not comment on ongoing investigative work by the Monitor.

CCAA Process

22. *What criteria would have to be fulfilled for Representative Counsel to terminate the CCAA proceedings and move to a bankruptcy process?*

Representative Counsel has received approval from the Official Committee of Affected Users (the "**Official Committee**") to recommend the proceeding be transitioned to a bankruptcy. There are no set criteria, and Representative Counsel collaborated with the Monitor to draft and finalize a Bankruptcy Transition Order, which will be presented to the Court on April 8, 2019. The transition steps are set out within that Order. If the Bankruptcy Transition Order is granted, the assignment into bankruptcy is expected to occur around April 12, 2019. A copy of the draft Bankruptcy Transition Order can be found [here](#) at Appendix "D" to the Monitor's Fourth Report.

23. *When will the next the Monitor report be released?*

The Monitor released its Fourth Report on April 1, 2019. The Fourth Report indicates that a further Monitor's report will be released in a few weeks providing an update on the investigation.

24. *It has been stated by the RCMP that while an official investigation has not been opened, they are watching the CCAA process for evidence of criminal activity. What (if anything) happens to the CCAA process if a criminal investigation is started?*

Criminal investigations can continue in parallel to CCAA/bankruptcy and insolvency proceedings. Representative Counsel will cooperate in any investigation being conducted by law enforcement, subject to the terms of the Representative Counsel Appointment Order.

