



Statement from the Official Committee of Affected Users

August 12, 2019

RE: Inadvertent Transfer of ~104BTC

The Official Committee of Affected Users (the “**Official Committee**”) has worked extensively with Representative Counsel to investigate and consider potential claims, and the cost and risks associated with such claims, surrounding the inadvertent transfer of approximately 104 btc into five (5) inaccessible cold wallets of Quadriga (the “**Transfer**”). The Transfer occurred on or about February 7, 2019. The five (5) inaccessible cold wallets were described as the “Identified Bit Coin Cold Wallets” in paragraph 43 of the [Third Report of the Monitor dated March 1, 2019](#). Ernst & Young Inc. in its capacity as Monitor of Quadriga and its affiliated entities reported the relevant facts surrounding the Transfer in the [First Report of the Monitor dated February 12, 2019](#) and the [Second Report of the Monitor dated February 20, 2019](#) (collectively, the “**Monitor’s Reports**”).

In addition to receiving legal advice from Representative Counsel, which is subject to privilege and confidentiality, the Official Committee considered a number of factors, including:

- the facts and circumstances surrounding the Transfer, as set out in the Monitor’s Reports and certain additional facts, which are confidential;
- the legal uncertainties surrounding potential liability;
- the costs associated with pursuing such a claim to judgment, including any appeals of same;
- the potential adverse impact, costs and delay on the ongoing insolvency proceedings;
- the costs associated with obtaining recognition of and enforcing a judgment, and the likelihood of collecting on the judgment;
- the potential adverse consequences to the Quadriga estate if any claim was unsuccessful;
- the quantum at issue relative to the costs involved in pursuing claims; and
- that there is no information known to support any improper or malicious intent by any party involved with the Transfer.

After significant deliberations within the Official Committee, and based on the advice of Representative Counsel, the Official Committee determined that it is not in the best interests of Affected Users to spend estate resources to pursue claims with respect to the Transfer.