

CV-19-627184

CV-19-627185

CV-19-627186

Re Quadriga Fintech Solutions  
Corp et al

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① This is a motion brought by  
The Trustee in Bankruptcy of  
Quadriga Fintech Solutions Corp.,  
Whiteside Capital Corporation and  
0984750 B.C. Ltd d/b/a/ Quadriga  
CX and Quadriga Coin Exchange  
("Companies") for an order  
directing the Trustee to use  
the prevailing exchange rate  
on the date of Bankruptcy  
to convert the USD claims  
and Cryptocurrency claims

②  
into Canadian dollars.

② The only opposition to the Motion comes from Block Cat Technologies Inc ("Block Cat").

Its only claim against Quadriga is a CAD claim. It takes the position that the valuation date for the valuation and conversion of Cryptocurrency claims should be the date of the CAA filing (February 5, 2019) not the date of Bankruptcy (April 15, 2019).

③ It is significant that Cryptocurrency prices were highly volatile and fluctuated significantly



(3)

between February 5, 2019 and April 15, 2019. Most cryptocurrencies traded within the Quadriga platform rose during this time period. As a result, if the earliest date of the CCAA filing is used for the valuation and conversion date, Block Co's claims will increase relative to the cryptocurrency claims.

(4) The only issue that I must decide on this motion is the appropriate date for valuing the cryptocurrency claims in



(4)

Canadian dollars.

(5) The Bankruptcy and Insolvency Act ("BIA") provides an orderly mechanism for the distribution of a debtor's property to satisfy creditor claims according to predetermined priority rules. Section 67(1) of the BIA sets out what property of a bankrupt is divisible among the bankrupt's creditors. The Supreme Court of Canada has embraced a broad definition of "property" within the meaning of s. 67(1) of the BIA.



(5)

(6) I agree with the Trustee's conclusion that the definition in s. 67(1) of the BIA is broad enough to include cryptocurrency. BlockCat does not dispute this.

(7) I also agree with the Trustee's conclusion that the cryptocurrency claims are liquidated claims because they are proven obligations owing by the Companies to the claimants that can be easily ascertained "as a matter of arithmetic". All that is required to determine



⑥ The value of the Cryptocurrency Claims in Canadian dollars is to multiply the amount of Cryptocurrency in question by the prevailing exchange rate for the applicable cryptocurrency. The prevailing exchange rate can be easily ascertained by reference to the cryptocurrency market.

⑧ I do not accept Blackcat's submission that the Cryptocurrency Claims are unliquidated claims because there is no support for its position that cryptocurrencies are not "Money". Further, I have concluded that the Cryptocurrency



⑦  
Claims do not require investigation beyond mere arithmetical calculation.

⑧ I have concluded that the cryptocurrency claims are liquidated claims that should be valued as of the date of bankruptcy, April 15, 2019, for the following reasons.

(a) The cryptocurrency claims are analogous to debts in a currency other than Canadian currency, which s. 215.1 of the BIA provides are to be converted as of the date of bankruptcy;

(8)

(b) The exchange platform and subsequent bankruptcy of Quadriga can be analogized to the bankruptcy of a securities firm as captured by Part VII of the BIA.

Cryptocurrency can be analogized to a security and/or customer pool fund, which Part VII of the BIA provides, in most circumstances, are to be valued on a pooled basis at the date of bankruptcy; and

(c) Valuing the Cryptocurrency



⑨

Claims by asserting the claims as of the date of bankruptcy provides an efficient method of valuing these claims in line with principles underlying bankruptcy claims process.

⑩ In conclusion, I am of the view that the applicable provisions of the BPA referred to above and the principles of efficiency and economy underlying the determinations of approximately 17,000 individual



(10)

claims under the BTA make it clear that the valuation of the cryptocurrency claims should be done as of the date of Bankruptcy.

(11) The Trustee's Motion is therefore granted.

(12) Judge counsel to settle costs. If they cannot they may schedule a 20-minute zoom hearing with the.

Hainey J.

March 1, 2021



**Unofficial Transcript of Court Endorsement – Mach 1, 2021**

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Re Quadriga Fintech Solutions Corp. et al.

1. This is a Motion brought by the Trustee in Bankruptcy of Quadriga Fintech Solutions Corp., Whiteside Capital Corporation and 0984750 BC Ltd. d/ba/ Quadriga CX and Quadriga Coin Exchange ("Companies") for an order directing the Trustee to use the prevailing exchange rate on the Date of Bankruptcy to convert the USD claims and Cryptocurrency Claims into Canadian dollars.

2. The only opposition to the Motion comes from Block Cat Technologies Inc. ("Block Cat"). Its only claim against Quadriga is a CAD claim. It takes the position that the valuation date for the valuation and conversion of Cryptocurrency claims should be the date of the CCAA filing (February 5, 2019) not the date of Bankruptcy (April 15, 2019).

3. It is significant that Cryptocurrency prices were highly volatile and fluctuated significantly between February 5, 2019 and April 15, 2019. Most cryptocurrencies traded within the Quadriga platform rose during this time period. As a result, if the date of the CCAA filing is used for the valuations and conversion date, Block Cat's claims will increase relative to the Cryptocurrency claims.

4. The only issue that I must decide on this Motion is the appropriate date for valuing the Cryptocurrency claims in Canadian dollars.

5. The Bankruptcy and Insolvency Act ("BIA") provides an orderly mechanism for the distribution of a debtor's property to satisfy creditor claims according to predetermined priority rules. Section 67(1) of the BIA sets out what property of a bankrupt is divisible among the bankrupt's creditors. The Supreme Court of Canada has embraced a broad definitions of "property" within the meaning of S. 67(1) of the BIA.

6. I agree with the Trustee's conclusion that the definition in S.67(1) of the BIA is broad enough to include Cryptocurrency. Block Cat does not dispute this.

7. I also agree with the Trustee's conclusions that the Cryptocurrency claims are liquidated claims because they are obligations owing by the Companies to the claimants that can be easily ascertained "as a matter of arithmetic". All that is required to determine the value of



Cryptocurrency claims in Canadian dollars is to multiply the amount of Cryptocurrency in questions by the prevailing exchange rate for the applicable cryptocurrency. The prevailing exchange rate can be easily ascertained by reference to the cryptocurrency market.

8. I do not accept Block Cat's submission that the Cryptocurrency Claims are unliquidated claims because there is no support for its position that cryptocurrency are not "Money". Further, I have concluded that the Cryptocurrency Claims do not required investigations beyond mere arithmetical calculations.

9. I have concluded that the Cryptocurrency Claims are liquidated claims that should be valued as of the Date of Bankruptcy, April 15, 2019, for the following reasons:

(a) The cryptocurrency claims are analogous to debts in a currency other than Canadian currency, which S. 215.1 of the BIA provides all to be converted as of the date of bankruptcy;

(b) the exchange platform and subsequent bankruptcy of Quadriga can be analogized to the bankruptcy of a securities firm as captured by Part XII of the BIA. Cryptocurrency can be analogized to a security and/or customer pool fund, which Part XII of the BIA provides, in most circumstances, are to be valued on a pooled basis at the date of bankruptcy; and

(c) Valuing the Cryptocurrency Claims by assessing the claims as part of the date of bankruptcy provides an efficient method of valuing these claims in line with principles underlying bankruptcy claims processes.

10. In conclusion, I am of the view that the applicable provisions of the BIA referred to above and the principles of efficiency and economy underlying the determinations of approximately 17,000 individual claims under the BIA make it clear that the valuations of the Cryptocurrency claims should be done as of the Date of Bankruptcy.

11. The Trustee's Motion is therefore granted.

12. I urge counsel to settle costs. If they cannot they may schedule a 20 Minute zoom hearing with me.

Hainey J..

March 1, 2021