

**Province of**        **Ontario**  
**Division No.**    **09-Toronto**  
**Court No.**        **43212**  
**Estate No.**        **31-2560986**

## **NOTICE TO CREDITORS**

**In the Matter of the Bankruptcy of  
0984750 B.C. Ltd.  
of the City of Vancouver  
in the Province of British Columbia**

### **Second Interim Status Report**

**May 12, 2023**

#### **PURPOSE**

1. The purpose of this Second Interim Status Report is to provide creditors with an interim update on the status of the claims process in respect of 0984750 B.C. Ltd. (“**Quadriga**”) and information relevant to the upcoming interim distribution to creditors. If you previously filed a proof of claim with the Trustee and your claim is noted as an Accepted Claim on the attached dividend sheet, no action is required to receive your interim distribution. If your claim is noted as a Disputed Claim on the attached dividend sheet, please refer to and respond to the Notice of Revision or Disallowance sent to you or otherwise contact the Trustee. No distribution will be paid on account of Disputed Claims unless and until such dispute is resolved and the claim is admitted as an Accepted Claim.

#### **BACKGROUND**

2. On February 5, 2019 (the “**Filing Date**”), Quadriga Fintech Solutions Corp., Whiteside Capital Corporation and 0984750 B.C. Ltd. d/b/a Quadriga CX and Quadriga Coin Exchange (collectively, the “**Companies**”) were granted protection from their creditors by the Nova Scotia Supreme Court (the “**Nova Scotia Court**”) under the *Companies’ Creditors Arrangement Act* (the “**CCAA**”). Pursuant to an Order of Justice Wood

dated February 5, 2019, Ernst & Young Inc. (“**EY**”) was appointed as the monitor (the “**Monitor**”) of the Applicants.

3. On April 11, 2019, a Termination and Bankruptcy Assignment Order was issued by Justice Wood approving the process by which the Applicants’ CCAA proceedings would transition to bankruptcy proceedings (the “**Bankruptcy Proceedings**”) under the *Bankruptcy and Insolvency Act* (the “**BIA**”).
4. On April 15, 2019, each of the Applicants were assigned into bankruptcy. EY consented to act as Trustee-in-Bankruptcy (the “**Trustee**”) of each bankrupt estate, which role was affirmed at the First Meeting of Creditors held on May 2, 2019.
5. On June 27, 2019, the Nova Scotia Court issued an order approving the claims process to be undertaken by the Trustee (the “**Claims Process**”).
6. On September 10, 2019, the Nova Scotia Court granted an order transferring the Bankruptcy Proceedings to the Ontario Superior Court of Justice (Commercial List) (the “**Court**”). On September 24, 2019, the Office of the Superintendent of Bankruptcy issued revised certificates of appointment in respect of the Companies’ estates confirming the division and district of the Bankruptcy Proceedings had been transferred to Toronto, Ontario.

## **CLAIMS PROCESS**

7. The Claims Process approved by the Nova Scotia Court is in substance in accordance with the process set out in the BIA with certain modifications considering the nature of Quadriga’s business being a cryptocurrency exchange. In particular, the Claims Process provides that users of Quadriga’s platform (the “**Affected Users**”) shall assert claims against Quadriga as of April 15, 2019 denominated in one or more of

Canadian dollars, United States dollars or cryptocurrency units (Bitcoin, Bitcoin Cash SV, Bitcoin Cash, Bitcoin Gold, Litecoin and Ethereum).

8. On March 1, 2021, the Court granted an Order fixing various exchange rates for United States dollars and various cryptocurrencies to convert such amounts to Canadian dollars for distribution purposes as at April 15, 2019. The rates for conversion as at the conversion date established by the Court are set out below:

Denomination	Rate
Bitcoin	Cdn\$6,739.08 / 1.00 Bitcoin
Bitcoin Cash SV	Cdn\$78.84 / 1.00 Bitcoin Cash SV
Bitcoin Cash	Cdn\$419.37 / 1.00 Bitcoin Cash
Bitcoin Gold	Cdn\$22.14 / 1.00 Bitcoin Gold
Litecoin	Cdn\$104.84 / 1.00 Litecoin
Ethereum	Cdn\$223.45 / 1.00 Ether
U.S. Dollars	Cdn\$1.34 / US\$1.00

9. Attached as **Appendix A** is a listing of claims filed against the Quadriga estate as at May 10, 2023, totalling \$305,656,400.39 in CDN converted dollars, which includes \$2,458,472.01 in CDN converted dollars of claims subject to a Notice of Revision or Disallowance (the “**Disputed Claims**”). Disputed Claims are not

eligible for a distribution pending resolution of the Affected Users claim. A summary of the accepted claims and aggregate distribution values for the First Interim Distribution follows:

# Claims	Claim Range	Aggregate Claim Value	Aggregate Distribution	Aggregate Levy	Aggregate Net Distribution
15	Greater than \$1 million	\$ 160,600,255.01	\$ 21,029,247.86	\$ 83,141.15	\$ 20,946,106.71
28	\$500,000 to \$999,999	\$ 18,530,763.23	\$ 2,426,446.93	\$ 9,593.21	\$ 2,416,853.72
46	\$250,000 to \$499,999	\$ 15,793,555.50	\$ 2,068,032.56	\$ 8,176.15	\$ 2,059,856.41
155	\$100,000 to \$249,999	\$ 23,493,097.53	\$ 3,076,222.00	\$ 12,131.69	\$ 3,064,090.31
264	\$50,000 to \$99,999	\$ 18,262,578.17	\$ 2,391,329.21	\$ 9,415.86	\$ 2,381,913.35
1,784	\$10,000 to \$49,999	\$ 37,370,416.04	\$ 4,893,331.55	\$ 19,267.55	\$ 4,874,064.00
15,356	\$nil to \$9,999	\$ 29,147,262.90	\$ 3,816,511.15	\$ 15,027.19	\$ 3,801,483.96
<u>17,648</u>		<u>\$ 303,197,928.38</u>	<u>\$ 39,701,121.26</u>	<u>\$ 156,752.80</u>	<u>\$ 39,544,368.46</u>

10. Since the interim claims status report issued on May 21, 2021 (the “**First Interim Status Report**”), the Trustee has continued to review claims as submitted. In particular, the Trustee reviewed certain information related to the significant claims filed against Quadriga and other claims with discrepancies versus Quadriga’s books and records. The Trustee has provided updates to the estate inspectors (the “**Inspectors**”) regarding this review.
11. Additionally, since the First Interim Status Report, the Trustee provided various information and documents in the Trustee’s possession to the Canada Revenue Agency (“**CRA**”) in respect of its audit of Quadriga pursuant to subsection 231.2(1) of the *Income Tax Act*. Following the audit, the CRA determined that Quadriga had not reported income during its 2016 – 2018 fiscal periods and as a result certain taxes were owing. The Trustee subsequently responded to CRA requesting that certain losses of Quadriga be considered in the CRA’s analysis, which the Trustee believed should reduce the amount of unreported income. The Trustee’s submissions were partially accepted by the CRA. As result, the CRA has filed a revised claim in the amount of \$11,787,528.17. The Trustee, in consultation with the Inspectors, has accepted this proof of claim filed by CRA.

## **INTERIM DISTRIBUTION**

12. As previously set out in the First Interim Status Report, resolution of the CRA’s tax claim was necessary prior to the Trustee declaring any dividend to Affected Users which has now be completed.

13. Pursuant to section 148(1) of the BIA, the Trustee, with approval of the Inspectors, has declared an interim dividend for distribution to creditors with proven claims. Each creditor with a proven claim will receive 13.094156% of their proven claim less the levy amount payable to the Office of the Superintendent of Bankruptcy pursuant to the BIA. The interim dividend provides for a distribution of approximately 87.0% of the funds the Trustee is currently holding. The remaining funds will be held as a reserve for future disbursements related to the administration of the bankruptcy. A final distribution will be made at a later date.
14. The Trustee anticipates mailing the First Interim Distribution cheques to each creditor at the address submitted on the creditor's proof of claim or such address as later provided by the creditor to the Trustee. The Trustee will advise claimants directly if alternative arrangements are required in respect of their distribution. As set out above, if you previously filed a proof of claim with the Trustee and your claim is noted as an Accepted Claim on the attached dividend sheet, no action is required to receive your interim distribution. If your claim is noted as a Disputed Claim on the attached dividend sheet, please refer to and respond to the Notice of Revision or Disallowance sent to you or otherwise contact the Trustee. No distribution will be paid on account of Disputed Claims unless and until such dispute is resolved and the claim is admitted as an Accepted Claim. In the event, your address has changed since the filing of your proof of claim, we ask that you contact the Trustee forthwith with amended mailing address details. The Trustee can be contacted via e-mail at [quadriga.trustee@ca.ey.com](mailto:quadriga.trustee@ca.ey.com) or by telephone at 1-855-870-2285.

Dated at the city of Toronto in the Province of Ontario, this 12<sup>th</sup> day of May 2023.

**ERNST & YOUNG INC.**

**Licensed Insolvency Trustee**

acting in its capacity as Trustee in Bankruptcy  
of 0984750 B.C. Ltd. and not in its personal capacity



Sharon S. Hamilton  
Senior Vice President



George Kinsman  
Senior Vice President