Court File No. & Estate No. CV-19-627184-00CL (31-2560674)
CV-19-627185-00CL (31-2560984)
and CV-19-627186-00CL (31-2560986)

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

IN THE MATTER OF THE BANKRUPTCY OF QUADRIGA FINTECH SOLUTIONS CORP., WHITESIDE CAPITAL CORPORATION AND 0984750 B.C. LTD. D/B/A QUADRIGA CX AND QUADRIGA COIN EXCHANGE

MOTION RECORD
(RE: APPROVAL OF SETTLEMENT AGREEMENT)
(Returnable October 16, 2019)

October 7, 2019

STIKEMAN ELLIOTT LLP
Barristers & Solicitors
5300 Commerce Court West
199 Bay Street
Toronto, Canada M5L 1B9

Elizabeth Pillon LSO#: 35638M
Tel: (416) 869-5623
Email: lpillon@stikeman.com

Maria Konyukhova LSO#: 52880V
Tel: (416) 869-5230
Email: mkonyukhova@stikeman.com

Lee Nicholson LSO#: 66412I
Tel: (416) 869-5604
Email: leenicholson@stikeman.com
Fax: (416) 947-0866

Lawyers for Ernst & Young Inc., Trustee-in-Bankruptcy

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TAB 1

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IN THE MATTER OF THE BANKRUPTCY OF QUADRIGA FINTECH SOLUTIONS CORP., WHITESIDE CAPITAL CORPORATION AND 0984750 B.C. LTD. D/B/A QUADRIGA CX AND QUADRIGA COIN EXCHANGE

NOTICE OF MOTION
(RE: APPROVAL OF SETTLEMENT AGREEMENT)
(Returnable October 16, 2019)

Ernst & Young Inc. ("**EY**"), in its capacity as the Trustee in Bankruptcy (the "**Trustee**") of 0984750 B.C. Ltd. d/b/a Quadriga CX and Quadriga Coin Exchange ("**Quadriga**"), Quadriga Fintech Solutions Corp. ("**Fintech**") and Whiteside Capital Corporation ("**Whiteside**") (the "**Companies**") under the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended (the "**BIA**"), will make a Motion to the Justice presiding over the Commercial List on October 16, 2019 at 10:00 a.m. at 330 University Avenue, Toronto, Ontario.

PROPOSED METHOD OF HEARING: The motion is to be heard orally.

THE MOTION IS FOR:

1. An order (the "**Settlement Approval Order**"), substantially in the form of the draft order attached at Tab 4 to the Motion Record, that:

(a) approves the Settlement Agreement dated October 3, 2019 (the "**Settlement Agreement**") between the Trustee, Jennifer Robertson, the Estate, Thomas Beazley and the Controlled Entities;

(b) approves and ratifies the execution of the Settlement Agreement by the Trustee, and Representative Counsel on behalf the Official Committee in respect of certain release provisions, and authorizes and directs the Trustee take such additional

steps and execute such additional documents as may be necessary or desirable in order to complete the transactions contemplated by the Settlement Agreement;

(c) declares that all transfers of the Settlement Assets by Quadriga to Jennifer Robertson, the Estate/Gerald Cotten, Thomas Beazley and the Controlled Entities (collectively, the "**Settling Parties**") are "transfers at undervalue" and voided and set aside as against the Trustee;

(d) declares that any Settlement Assets that were not directly transferred by Quadriga to the Settling Parties, were acquired with assets/property or proceeds of assets/property that were transferred to the Settling Parties by Quadriga and such transactions are "transfers at undervalue" and voided and set aside as against the Trustee, and as such, the Settlement Assets of the Settling Parties are property of the Quadriga estate vested in the Trustee (including any accrued income forming part of the Settlement Assets);

(e) approves the compromises, releases, and injunctions set out in the Settlement Agreement;

(f) varies the Asset Preservation Order of the Nova Scotia Court dated April 11, 2019 to reflect the terms and effect of the Settlement Agreement, and orders continuation of the disclosure obligations by third parties set out in the Assets Preservation Order; and

2. An order (the "**Transfer Order**"), substantially in the form of the draft order attached at Tab 5 of the Motion Record, directing the applicable land registrars in Nova Scotia and British Columbia to enter the Quadriga estate or the Trustee as holding title to the real estate properties transferred pursuant to the Settlement Agreement.

3. Such further and other relief as counsel may request and the Court deems just.

THE GROUNDS FOR THE MOTION ARE:

Background[1]

4. The Companies were involved in the business of operating a cryptocurrency exchange, which provided a platform for trading cryptocurrencies;

5. Following the death of the Companies' chief executive officer, Gerald Cotten, the Companies were granted protection from their creditors by the Nova Scotia Supreme Court under the *Companies' Creditors Arrangement Act* (the "**CCAA**") on February 5, 2019;

6. EY was appointed Monitor of the Companies (the "**Monitor**"). The Monitor conducted an investigation of Quadriga's business and affairs, as reported in the Fifth Report of the Monitor dated June 19, 2019 (the "**Fifth Report**");

7. The Monitor's investigation uncovered significant concerning conduct by the Companies' and Mr. Cotten, including:

(a) "cash" transactions that the Monitor was unable to verify;

(b) significant transfers of cryptocurrency from Quadriga's platform to competitor exchanges and personal accounts controlled by Mr. Cotten;

(c) substantial transfers of funds from Quadriga to Mr. Cotten personally and other related parties; and

(d) missing fiat funds and cryptocurrency reserves;

8. The Monitor found that Mr. Cotten and his wife, Jennifer Robertson, used funds from Quadriga to purchase personal assets and to support their lifestyle;

9. The Monitor obtained an asset preservation order (the "**Asset Preservation Order**") on April 11, 2019, on a consensual basis with Ms. Robertson as part of a first step in recovering the assets that it believed had originated from the Companies and constituted preferences or transfers at undervalue under the BIA (or could otherwise be subject to a cause of action);

[1] Capitalized terms not otherwise defined in this Notice of Motion have the meaning ascribed to them in the Settlement Agreement.

10. Also on April 11, 2019, the Court issued the Termination and Bankruptcy Assignment Order, approving the process by which the CCAA proceedings would transition to bankruptcy proceedings under the BIA. EY was made the Trustee;

The Settlement Agreement

11. The Trustee entered extensive and arm's length negotiations with counsel to Ms. Robertson shortly after the Fifth Report was released as part of its effort to recover assets transferred from the Companies to Ms. Robertson, Mr. Cotten's estate (the "**Estate**"), and the assets of entities owned by Ms. Robertson or the Estate (the "**Controlled Entities**");

12. The negotiations were successful and resulted in the Settlement Agreement; Under the Settlement Agreement, the Quadriga estate will acquire nearly all of the assets currently owned by Ms. Robertson, the Estate, and the Controlled Entities. The Trustee will also acquire certain assets owned by Ms. Robertson's step-father, Mr. Thomas Beazley. The Trustee, once it has possession of these assets (the "**Settlement Assets**"), intends to liquidate them for the benefit of Quadriga's stakeholders, including the Affected Users of the Quadriga platform;

13. The Settlement Agreement further provides that Ms. Robertson will provide the Trustee with her cooperation in respect of certain key matters, including with respect to asset and information disclosure;

14. The Trustee's position is that approving the Settlement Agreement and the other relief sought on this Motion will provide significant benefits to the Companies' estates and their stakeholders, as the Settlement Agreement improves the expected distributions for creditors, avoids litigation, and entails other benefits;

15. The Settlement Agreement was negotiated in consultation with Representative Counsel, the Estate Inspectors and the Official Committee, who together represent Quadriga's most significant stakeholder group, the Affected Users. The Trustee understands that each of these parties support approval of the Settlement Agreement and the Estate Inspectors have formally ratified the Settlement Agreement;

Transfers at Undervalue

16. The Settlement Assets were acquired by the Settling Parties either directly from Quadriga or using assets or property originally transferred by Quadriga within the past five (5) years, with most, if not all, of the Settlement Assets being acquired within the three (3) years prior to the CCAA filing;

17. The Settling Parties were non-arm's length parties with the Companies under the BIA;

18. As detailed in the Fifth Report, the Trustee believes the evidence available to it suggests that Quadriga was insolvent for a significant duration prior to the CCAA filing as the Companies had limited profitability and Mr. Cotten withdrew significant funds deposited by Affected Users of the Quadriga platform using alias accounts with artificially created deposits;

Transfer Order

19. The Transfer Order will assist with transferring title of the Settlement Assets which are real property to the Quadriga estate in an efficient and cost-effective manner;

20. The Transfer Order does not affect any encumbrances registered against the Settlement Assets which are real property;

Asset Preservation Order

21. The terms of the Asset Preservation Order require amendment in order to reflect the terms of the Settlement Agreement, including the transfer of various assets to the Trustee, and the extension of disclosure obligations following the Effective Date of the Settlement Agreement;

General

22. The provisions of the BIA, including sections 96(1), 98(1), 98(2) thereof, and the inherent and equitable jurisdiction of this Court;

23. Rules 1.04, 1.05, 2.03, and 37 of the *Rules of Civil Procedure*, RRO 1990, Reg 194, as amended; and

24. Such further grounds as counsel may advise and this Court may see fit.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the motion hearing:

25. The Fourth Report of the Trustee, dated October 7, 2019;

26. Affidavit of Jennifer Robertson sworn October 3, 2019; and

27. Such further and other materials as counsel may advise and this Court may permit.

October 7, 2019

STIKEMAN ELLIOTT LLP
Barristers & Solicitors
5300 Commerce Court West
199 Bay Street
Toronto, Canada M5L 1B9

Elizabeth Pillon LSO#: 35638M
Tel: (416) 869-5236
E-mail: lpillon@stikeman.com

Maria Konyukhova LSO#: 52880V
Tel: (416) 869-5230
Email: mkonyukhova@stikeman.com

Lee Nicholson LSO#: 66412I
Tel: (416) 869-5604
Email: leenicholson@stikeman.com
Fax: (416) 947-0866

Lawyers for the Trustee-in-Bankruptcy

IN THE MATTER OF THE BANKRUPTCY OF QUADRIGA FINTECH SOLUTIONS CORP., WHITESIDE CAPITAL CORPORATION AND 0984750 B.C. LTD. D/B/A QUADRIGA CX AND QUADRIGA COIN EXCHANGE

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ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
Proceeding commenced at Toronto

NOTICE OF MOTION
(RETURNABLE OCTOBER 16, 2019)

STIKEMAN ELLIOTT LLP
Barristers & Solicitors
5300 Commerce Court West
199 Bay Street
Toronto, Canada M5L 1B9

Elizabeth Pillon LSO#: 35638M
Tel: (416) 869-5623
Email: lpillon@stikeman.com

Maria Konyukhova LSO#: 52880V
Tel: (416) 869-5230
Email: mkonyukhova@stikeman.com

Lee Nicholson LSO#: 66412I
Tel: (416) 869-5604
Email: leenicholson@stikeman.com
Fax: (416) 947-0866

Lawyers for the Trustee-in-Bankruptcy

TAB 2

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ONTARIO
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IN THE MATTER OF THE BANKRUPTCY OF QUADRIGA FINTECH SOLUTIONS CORP., WHITESIDE CAPITAL CORPORATION AND 0984750 B.C. LTD. D/B/A QUADRIGA CX AND QUADRIGA COIN EXCHANGE

FOURTH REPORT OF THE TRUSTEE

October 7, 2019

STIKEMAN ELLIOTT LLP
Barristers & Solicitors
5300 Commerce Court West
199 Bay Street
Toronto, Canada M5L 1B9

Elizabeth Pillon LSO#: 35638M
Tel: (416) 869-5623
Email: lpillon@stikeman.com

Maria Konyukhova LSO#: 52880V
Tel: (416) 869-5230
Email: mkonyukhova@stikeman.com

Lee Nicholson LSO#: 66412I
Tel: (416) 869-5604
Email: leenicholson@stikeman.com
Fax: (416) 947-0866

Lawyers for the Trustee-in-Bankruptcy

INTRODUCTION

1. On February 5, 2019 (the "**Filing Date**"), Quadriga Fintech Solutions Corp., Whiteside Capital Corporation and 0984750 B.C. Ltd. ("**Quadriga**") 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. was appointed as the monitor (the "**Monitor**") of the Applicants.

2. On February 28, 2019, the Nova Scotia Court issued an Order (the "**Rep Counsel Order**") appointing Miller Thomson LLP and Cox & Palmer as representative counsel ("**Representative Counsel**") of the affected users of the Quadriga platform except for certain individuals who opt-out of representative in accordance with the Rep Counsel Order (the "**Affected Users**").

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. Ernst & Young Inc. 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. Five individuals were named as Estate Inspectors (the "**Inspectors**") at the First Meeting of

Creditors including four (4) members of the Committee of Affected Users (the "**Official Committee**") and one (1) individual from their legal team.

5. On September 10, 2019, the Nova Scotia Court granted an order transferring the Bankruptcy Proceedings to the Ontario Superior Court of Justice (Commercial List). 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.

6. Capitalized terms not otherwise defined in this Report are defined in the Settlement Agreement dated October 3, 2019 (the "**Settlement Agreement**") between the Trustee, Jennifer Robertson, Jennifer Robertson in her capacity as executor of the estate of Gerald Cotten (the "**Estate**"), Thomas Beazley and certain entities party thereto.

PURPOSE

7. The purpose of the Fourth Report of the Trustee (the "**Fourth Report**") is to provide the Court and stakeholders with the Trustee's recommendation regarding the Settlement Agreement and to support the Trustee's request for an Order (the "**Settlement Approval Order**") that, among other things:

   (a) Approves the Settlement Agreement;

   (b) Approves and ratifies the execution of the Settlement Agreement by the Trustee, and Representative Counsel on behalf the Official Committee in respect of certain release provisions, and authorizes and directs the Trustee take such additional

steps and execute such additional documents as may be necessary or desirable in order to complete the transactions contemplated by the Settlement Agreement;

(c) Declares that all transfers of the Settlement Assets by Quadriga to Jennifer Robertson, the Estate/Gerald Cotten, Thomas Beazley and the Controlled Entities (collectively, the "**Settling Parties**") are "transfers at undervalue" and voided and set aside as against the Trustee;

(d) Declares that any Settlement Assets that were not directly transferred by Quadriga to the Settling Parties, were acquired with assets/property or proceeds of assets/property that were transferred to the Settling Parties by Quadriga and such transactions are "transfers at undervalue" and voided and set aside as against the Trustee, and as such, the Settlement Assets of the Settling Parties are property of the Quadriga estate vested in the Trustee (including any accrued income forming part of the Settlement Assets);

(e) Approves the compromises, releases, and injunctions set out in the Settlement Agreement; and

(f) Varies the Asset Preservation Order of the Nova Scotia Court dated April 11, 2019 to reflect the terms and effect of the Settlement Agreement, and orders continuation of the disclosure obligations by third parties set out in the Asset Preservation Order.

TERMS OF REFERENCE

8. In preparing this Fourth Report, the Trustee has relied upon unaudited financial information, the Company's limited books and records and financial information prepared by the Company (the "**Information**"). The Trustee has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to the *Chartered Professional Accountants Canada Handbook*, and accordingly the Trustee expresses no opinion or other form of assurance in respect of the Information.

9. Except as otherwise stated, the Trustee's understanding of factual matters expressed in this Report concerning the Applicants and their business is based on the Information, and not independent factual determinations made by the Trustee.

10. The Trustee has relied upon the information available to it from Quadriga, its independent contractors and other parties with historical involvement with Quadriga. The Trustee has attempted to independently review and corroborate the information received, where possible.

11. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars.

BACKGROUND

12. During the CCAA proceedings, the Monitor commenced an investigation of Quadriga's business and affairs pursuant to section 23(1)(c) of the CCAA. The investigation was

preliminarily reported on in the Fifth Report of the Monitor dated June 19, 2019 (the "**Fifth Report**"), a copy of which is attached to this Fourth Report as Appendix "A".

13. The Fifth Report outlined various concerns of the Monitor regarding the activities of Quadriga and Gerald Cotten, the Companies' former chief executive officer. The concerns included, among other things:

(a) The Monitor was unable to locate traditional books and records, and the limited records available for review and limited parties available with institutional knowledge, made the investigation of Quadriga's business and affairs challenging;

(b) Quadriga's operating infrastructure was significantly flawed from a financial reporting and operational control perspective;

(c) The Monitor was unable to locate basic corporate records or accounting records, including records documenting the location of Quadriga's cryptocurrency and fiat currency reserves between third party payment processors, bank accounts, wallet addresses and third party exchanges;

(d) There appeared to be no segregation of assets between funds of Quadriga and funds of Affected Users;

(e) Quadriga engaged in significant "cash" transactions and the Monitor was unable to verify if cash deposits were properly recorded;

(f) The Monitor was unable to locate any records for security passwords associated with wallet addresses meant to hold cryptocurrency reserves or adequate safeguard procedures to transfer passwords which were solely held by Mr. Cotten;

(g) Quadriga relied extensively upon the services of third party payment processors to administer its fiat treasury functions. It did not appear there were adequate governance arrangements, oversight or reporting functions in relation to fiat currency maintained by these third parties. For example, there appeared to be no segregation between funds of Affected Users and Quadriga funds held by these third party payments processors and Quadriga appears to have had no ability to track and reconcile funds held by third party payment processors;

(h) Cryptocurrency of Affected Users was not maintained exclusively in Quadriga's hot and cold wallets. Significant volumes of cryptocurrency from Quadriga's platform were transferred to competitor exchanges, some of which was transferred into personal accounts controlled by Mr. Cotten. In addition, substantial amounts of cryptocurrency were transferred to wallet holders whose identity the Monitor has been unable to confirm;

(i) It appears that cryptocurrency of Affected Users was transferred off the Quadriga platform to these exchanges and traded on these exchanges and in some circumstances used as security for a margin trading account established by Mr. Cotten. Trading losses incurred and incremental fees charged by exchanges adversely affected Quadriga's cryptocurrency reserves;

(j) Mr. Cotten created certain accounts (the "**Identified Accounts**") on the Quadriga platform under aliases where it appears that fictitious cryptocurrency and fiat funds were deposited and used to trade within the Quadriga platform resulting in inflated revenue figures, artificial trades with Affected Users and ultimately the withdrawal of cryptocurrency deposited by Affected Users;

(k) Substantial funds were transferred to Mr. Cotten personally and other related parties; and

(l) Substantial fiat funds and cryptocurrency reserves expected to be held by Quadriga on behalf of Affected Users are unable to be located.

14. As set out above, the Monitor's investigation revealed that Mr. Cotten periodically transferred significant cryptocurrency and other funds outside of Quadriga. In certain instances, these transfers were for significant amounts of fiat currency directed to Mr. Cotten personally and used to fund personal expenses and the purchase of personal assets. In other instances, transfers were made directly to Ms. Robertson and used to pay personal expenses and purchase personal assets in her name or the name of companies which Ms. Robertson controlled.

15. As examples of the transfers of property from Quadriga to fund the purchase of personal assets of Mr. Cotten and Ms. Robertson, the Trustee is aware of the following:

(a) Third party payment processors, which held deposits from Affected Users, were instructed on various occasions by Mr. Cotten to distribute significant amounts of funds directly to Mr. Cotten, Ms. Robertson or related companies;

(b) In a particular instance, a bank account of Mr. Cotten was solely funded with transfers from a third party payment processor and the account still held significant funds at the time of Mr. Cotten's death;

(c) In at least one instance, the funds from a third party payment processor were directed to a solicitor that acted for Mr. Cotten and Ms. Robertson in connection with a real estate acquisition in the week following the transfer;

(d) Quadriga transferred various funds to Ms. Robertson who in turn lent the funds to Robertson Nova Property Management Inc. ("**RNPM**") to fund the purchase of the real estate owned by that company;

(e) Mr. Cotten instructed Affected Users in certain instances to fund their accounts on the Quadriga platform by transferring funds to a bank account of a separate company personally owned by Mr. Cotten; and

(f) The Identified Accounts were used in certain instances to transfer cryptocurrency from Quadriga to personal wallet addresses of Mr. Cotten.

16. At the time of Mr. Cotten's death, he and Ms. Robertson owned, directly or indirectly, significant cash holdings, 16 real estate properties in Nova Scotia, real estate property in British Columbia, vehicles, a sailing vessel and a personal aircraft amongst other assets. Moreover, Mr. Cotten and Ms. Robertson incurred significant personal, living and travel related expenses.

17. Most of these transfers from Quadriga and subsequent purchases of personal assets by Mr. Cotten and Ms. Robertson with funds originating from Quadriga occurred within

three (3) years of the CCAA filing. For example, of the 16 real estate properties owned by the Estate, Ms. Robertson and RNPM, the first was purchased on May 12, 2016 and 14 of the real estate properties were purchased after January 1, 2017.

18. To the Monitor's knowledge, neither Mr. Cotten nor his wife had any material sources of income other than the funds they received from Quadriga. As reported in the Fifth Report, the Monitor was unable to locate any documents indicating compensation properly distributed to Mr. Cotten (either in the form of salary, dividends or otherwise) except for an employment agreement from 2015 indicating an annual salary for Mr. Cotten of $65,000 per annum.

19. The Monitor understands that Mr. Cotten did not file personal tax returns for 2014, 2015 or 2017, and although Mr. Cotten did file a tax return in 2016, no income from Quadriga was reported in that year. Tax returns filed for 2017 and 2018 subsequent to Mr. Cotten's death as part of the probate estate process also reported no income from Quadriga.

20. Tax returns filed by Ms. Robertson in 2015 and 2016 reported total income less than $60,000 per year. In 2017, Ms. Robertson reported total income of less than $5,000 to the CRA. None of the reported income was income from Quadriga.

ASSET PRESERVATION ORDER

21. On April 11, 2019, the Monitor obtained an asset preservation order (the "**Asset Preservation Order**") issued by the Nova Scotia Court. The Asset Preservation Order was obtained with the consent of Ms. Robertson. The Asset Preservation Order required Ms. Robertson, the Estate and various other related entities to disclose all of their

respective assets to the Trustee and refrain from selling or disposing of such assets except with the consent of the Monitor. A copy of the Asset Preservation Order is attached to this Fourth Report as Appendix "B".

22. In the Fifth Report, the Monitor indicated that due to its findings, it intended to seek the recovery of the assets subject to the Asset Preservation Order as it appeared the assets originated from the Companies and constituted preferences or transfers at undervalue under the BIA or may be subject to other causes of action asserted by the Trustee. The Fifth Report indicated that the Monitor had engaged in initial discussions with Ms. Robertson regarding the assets subject to the Asset Preservation Order. The Second Report of the Trustee dated August 26, 2019 also indicated that the Trustee had been engaged in productive discussions with counsel to Ms. Robertson regarding the recovery of the assets. Ms. Robertson has been cooperative with the Trustee in administering the terms of the Asset Preservation Order.

THE SETTLEMENT AGREEMENT

23. Shortly after filing the Fifth Report and following on earlier conversations, counsel to Ms. Robertson presented the Trustee with a settlement offer that involved returning most of her assets, the assets of the Estate and the assets of entities owned by Ms. Robertson or the Estate (the "**Controlled Entities**") to the Trustee. Subsequent negotiations between the parties produced an agreement acceptable to the Trustee and the Inspectors. The Trustee was of the view that a negotiated settlement was preferable to pursuing claims through litigation if it could achieve acceptable terms with Ms. Robertson as any litigation would likely result in the Quadriga estate incurring significant legal expenses

and may only result in a recovery for the estate after an extended timeline necessary to obtain a determination in respect of the Trustee's claims.

24. The Trustee consulted with Representative Counsel and the Inspectors throughout the negotiations. The Trustee also engaged with the Official Committee as any agreement was likely to result in a release provided on behalf of Affected Users to ensure finality for the Settling Parties.

25. The settlement negotiations were extensive and conducted at arm's length and ultimately resulted in the Settlement Agreement whereby nearly all of the assets of Ms. Robertson, the Estate, and the Controlled Entities will be transferred to the Trustee, along with a vehicle being returned to the Quadriga estate by Ms. Robertson's step father.

26. When the Trustee takes possession of the Settlement Assets, its intention is to liquidate them for the benefit of Quadriga's stakeholders, including the Affected Users. In the case of certain rental properties, a new property manager has been engaged by RNPM. The property management contract will be assigned to the Trustee should the Settlement Agreement be approved by the Court and the property manager will manage the portfolio of real estate until the Trustee is able to sell such properties. The net rental income will accrue for the benefit of the Quadriga estate. Further, in accordance with the Asset Preservation Order, certain of the assets have already been liquidated with the cooperation of Ms. Robertson and the consent of the Trustee and Representative Counsel. The proceeds of such dispositions have been deposited into accounts with counsel to Ms. Robertson. If the Settlement Agreement is approved, those funds would be transferred to the Quadriga estate.

SUMMARY OF THE SETTLEMENT AGREEMENT

27. The Settlement Agreement is attached to this Fourth Report as Appendix "C".

28. The primary objective of the Settlement Agreement is to facilitate the return of the assets of Ms. Robertson, the Estate and the Controlled Entities to the Quadriga estate. The Settlement Agreement achieves this objective as the Quadriga estate will acquire nearly all of the assets currently owned by Ms. Robertson, the Estate, and the Controlled Entities. Through the Settlement Agreement, the Trustee will also obtain continued cooperation from Ms. Robertson on various issues, including asset and information disclosure matters that may assist with additional recovery efforts by the Trustee. Further, the Quadriga estate will also recover certain assets from Mr. Beazley.

29. The key terms of the Settlement Agreement are summarized below in the following chart:

Settlement Agreement Summary	
Parties to the Settlement Agreement	• The Trustee • Robertson • Robertson, in her capacity as the executor of the Estate • Beazley • Controlled Entities (including, RNPM, Robertson Nova Consulting Inc., Megacorp Incorporated, 2379164 Ontario Inc., and Jennifer Robertson as trustee of The Seaglass Trust) • Official Committee (in respect of certain provisions providing releases on behalf of Affected Users)
Effective Date	The Settlement Agreement becomes effective when all of its conditions have been satisfied and the Trustee delivers a certificate to this effect.

Settlement Agreement Summary	
Settlement Assets	*Robertson Settlement Assets* Other than the Excluded Assets, Robertson will transfer to the Trustee, her right, title and interest in all assets including cash, investments, vehicles, loans (and related security), real estate (including the Kinross Property, which is to be vacated by October 31, 2019), personal belongings, and any further assets identified in the future. *Estate Settlement Assets* Other than the Excluded Assets, the Estate will transfer to the Trustee, its right, title and interest in all assets, including cash, investments, vehicles (including all boats, planes and cars), precious metals, claims and refunds (namely, those with respect to probate taxes), and any further assets identified in the future. *Controlled Entities Settlement Assets* The Controlled Entities will transfer to the Trustee any assets, their right, title and interest in all assets, including cash, investments, real estate, loans (and related security), vehicles, and any further assets identified in the future. *Beazley Settlement Assets* Beazley will transfer to the Trustee any assets (a) transferred to Beazley by the Companies and/or Cotten either directly or indirectly; or (b) purchased using proceeds of assets transferred to Beazley by Quadriga and/or Cotten either directly or indirectly, including a 2017 Toyota Tacoma truck.

Settlement Agreement Summary	
Excluded Assets	Robertson and the Estate will retain certain Excluded Assets. Robertson's Excluded Assets are limited to: (i) Cash, in the amount of $90,000 plus the cash in one account where she received distributions under the Asset Preservation Order up to a maximum of $10,000; (ii) Investments contained in Robertson's registered retirement savings account with a current market value of approximately $20,000; (iii) A 2015 Jeep Cherokee with an estimated black book value of $19,000; (iv) Certain jewellery, including her wedding band, with an estimated aggregate fair market value of $8,700; (v) Personal furnishings, up to a maximum aggregate appraised value of $15,000; (vi) Clothing and similar personal effects; and (vii) Issued and outstanding shares of the Controlled Entities and Quadriga Fintech Solutions Corp. The Excluded Assets to be retained by the Estate are solely the issued and outstanding shares of the Controlled Entities (for greater certainty, which includes CX Solutions) and Quadriga Fintech Solutions Corp.
Disclosure Obligations	Robertson is to provide the Trustee with a sworn statement describing, among other things, the nature, value and location of (i) present assets owned by herself, the Estate and the Controlled Entities or any affiliates or related parties of each of them; and (ii) past assets owned by herself, the Estate and the Controlled Entities in the past five (5) years. Beazley is to provide the Trustee with a sworn statement describing, among other things, the nature, value and location of (i) present assets that were transferred to Beazley by the Companies and/or Cotton or purchased using proceeds of assets transferred from the Companies, Cotten and Robertson; and (ii) past assets that were transferred to Beazley by the Companies and/or Cotton or purchased using proceeds of assets transferred from the Companies, Cotten and Robertson in the past five (5) years. Robertson and Beazley agree to each be examined under oath by the Trustee pursuant to section 163 of the BIA.

Settlement Agreement Summary	
Miscellaneous Agreements	(i) The Trustee agrees to the unfreezing of the Excluded Assets and any of Robertson's credit cards. (ii) The Quadriga estate agrees to pay the reasonable legal fees and disbursements of Robertson's legal counsel in connection with the implementation of the Settlement Agreement and the Cooperation Obligations, among other things. (iii) Potential reimbursement by the Quadriga estate to Ms. Robertson in respect of (a) income tax liabilities of RNPM for net rental income to a maximum amount of $7,500; and (b) income tax liabilities of the Estate in respect of investment income earned by Mr. Cotten up to a maximum amount of $200,606, in the event that she is personally liable for the tax liabilities, the tax liabilities rank in priority to the Trustee's claims against RNPM and the Estate, as applicable, and the amounts are due and payable upon the earlier of the discharge of the Trustee and December 31, 2020. Other than these specified liabilities, the Trustee and the Companies' estates have no responsibility for any tax liabilities of Ms. Robertson, the Estate, Mr. Beazley or the Controlled Entities. (iv) The Quadriga estate agrees to reimburse Robertson up to a maximum of $25,000 for actual and documented out-of-pocket expenses incurred within six (6) months of the Effective Date in respect of (a) preparing and filing Tax Returns on behalf of the Estate and the Controlled Entities; or (b) any bankruptcy, liquidation or wind-up proceedings in respect of the Controlled Entities.
Conditions to the Settlement Agreement	The following are conditions to the Settlement Agreement and occurrence of the Effective Date: (i) Court approval of the Settlement Agreement; (ii) Assignment of a loan made by RNPM and Ms. Robertson which is secured by a charge over real property in Calgary, Alberta; (iii) Ratification and approval of the Settlement Agreement by the Inspectors; (iv) Robertson and Beazley must satisfy their disclosure obligations; and (v) Mr. Beazley and his wife must deliver to the Trustee a release of

Settlement Agreement Summary	
	any and all rights and claims to the Estate Settlement Assets.
Releases	In broad terms, the Trustee and the Official Committee on behalf of Affected Users will release and forever discharge Robertson, the Estate, the Controlled Entities and Beazley of and from any and all claims related to receipt of the Settlement Assets and the Excluded Assets and any involvement or conduct with respect to the Companies and/or Cotten. Robertson, the Estate, the Controlled Entities and Beazley will release and forever discharge (a) the Companies and Trustee of and from various claims and (b) all rights and claims to the Settlement Assets. Further, Robertson, the Estate, the Controlled Entities and Beazley will not be entitled to file a proof of claim in the BIA proceedings against estates of the Companies.
Conditional Nature of Release	The releases provided by the Trustee and the Official Committee may be rescinded and voided if it is determined by this Court that: (i) Robertson wilfully failed to disclose assets that were required to be disclosed under the Settlement Agreement; (ii) Beazley wilfully failed to disclose assets that were required to be disclosed under the Settlement Agreement; (iii) Robertson and/or Beazley identify or become aware of any assets which were required to be disclosed under the Settlement Agreement and fail to notify the Trustee of such assets or fail to take reasonable steps to assist with transferring such assets to the Trustee if such assets are Settlement Assets; or (iv) Robertson and/or Beazley breach any of their Cooperation Obligations following the Effective Date.
No Further Claims	The Trustee and the Affected Users agree to not start, continue or participate in any claims against Robertson, the Estate, the Controlled Entities or Beazley in any way related to receipt of Settlement Assets and the Excluded Assets, any involvement or conduct with respect to the Companies and/or Cotten. Robertson, the Estate, the Controlled Entities and Beazley agree to not start, continue or participate in any claims against the Trustee or the Companies in any way related to, among other things, the Settlement Assets.
Cooperation Obligations	The Settlement Agreement includes certain ongoing Cooperation Obligations for Robertson, the Estate, the Controlled Entities and Beazley, including

Settlement Agreement Summary	
	among other things: (i) Robertson, the Estate, the Controlled Entities and Beazley shall cooperate with the Trustee as reasonably requested to implement the Settlement Agreement, including the transfer of the Settlement Assets; (ii) To facilitate the implementation of the Settlement Agreement, Robertson agrees to (a) remain as a director of any Controlled Entities where she previously held a role as director; and (b) to remain in her role as executor of the Estate; (iii) Robertson and/or the Estate agree to file a motion in a California court to obtain data from Google LLC; (iv) Robertson, the Estate and the Controlled Entities agree to provide, among other things, documents and information specified in the Asset Preservation Order; (v) To the extent not already provided, Robertson and Beazley agree to provide the Trustee with (a) documents and information related to the business of the Companies, (b) certain communications, and (c) encryption keys or passwords to access such documents and information; and (vi) Robertson agrees to provide the Trustee with any additional reasonable cooperation determined to be reasonably necessary by the Trustee.

APPROVAL OF THE SETTLEMENT AGREEMENT

30. The Trustee is requesting Court approval of the Settlement Agreement as the relief set out in the Settlement Approval Order is required to fully implement the transactions contemplated by the Settlement Agreement. For example, the Representative Counsel Order of the Nova Scotia Court provided that the Official Committee could "reach any settlement agreements… and compromise rights, entitlements or claims of Affected Users, *subject to approval of the Court* [emphasis added]." The Trustee and other parties to the Settlement Agreement, also believe Court approval is appropriate in respect of

these arrangements due to the importance of the Settlement Agreement to the Bankruptcy Proceedings.

31. The Trustee believes that the Settlement Agreement provides significant benefits to the Quadriga estate, Affected Users and other stakeholders and should be approved by this Court. The benefits of the Settlement Agreement include, among other things:

(a) Realization of the Settlement Assets will materially improve the expected distributions to Quadriga's stakeholders as their estimated cumulative net realizable value is approximately $12 million;

(b) The Settlement Agreement allows the Trustee to avoid the significant cost of litigating its claims against Ms. Robertson, the Estate and the Controlled Entities;

(c) The value of the Excluded Assets being retained by Ms. Robertson is relatively minimal and includes a number of items that the Trustee expected to generate minimal value in a liquidation. The estimated aggregate net realizable value of the Excluded Assets is likely less than the costs that would have been incurred in pursuing the Trustee's claims against Ms. Robertson, the Estate and the Controlled Entities;

(d) The Settlement Agreement will permit the Trustee to realize on the Settlement Assets in a timely manner whereas prolonged litigation could result in delayed recovery and ultimately delayed distributions to Quadriga's stakeholders and/or result in the depreciation of the value of certain Settlement Assets while the litigation was ongoing;

(e) Following implementation of the Settlement Agreement, Ms. Robertson will no longer be entitled to payments under the Asset Preservation Order which may have continued during any litigation with Ms. Robertson;

(f) The Settlement Agreement secures certain cooperation obligations from Ms. Robertson and Mr. Beazley which will assist with (i) the Trustee's investigation; (ii) efficiently transferring and monetizing the Settlement Assets; (iii) avoiding the costs associated with replacing the executor of the Estate which may have been necessary outside of a negotiated settlement; and (iv) identifying and pursuing potential other sources of recovery for the Quadriga estate and Affected Users; and

(g) Avoids any cost and delay in respect of any determination of the validity of the secured loan provided by Ms. Robertson immediately prior to the initial application to finance the CCAA proceedings.

32. As noted above, the Trustee also negotiated the Settlement Agreement in consultation with Representative Counsel, the Inspectors and the Official Committee, which are representative of Quadriga's most significant stakeholder group, the Affected Users. The Trustee understands that each of these parties support the approval of the Settlement Agreement and the Official Committee (which includes the Inspectors) has approved the Settlement Agreement.

THE SETTLEMENT APPROVAL ORDER

Transfers at Undervalue

33. The Settlement Approval Order includes certain declarations that prior transfers of assets or property to the Settling Parties are "transfers at undervalue" under the BIA and therefore voided and set aside as against the Trustee. Additionally, as a result of the declarations and findings, the Quadriga estate will be deemed to have a property interest in the Settlement Assets, including Settlement Assets of the Settling Parties acquired with other assets or property transferred by Quadriga to the Settling Parties and Settlement Assets which are the result of income earned by the Settling Parties on assets or property transferred by Quadriga.

34. Sections 96(1) and 98 of the BIA provide the following:

> 96 (1) On application by the trustee, a court may declare that a transfer at undervalue is void as against, or, in Quebec, may not be set up against, the trustee — or order that a party to the transfer or any other person who is privy to the transfer, or all of those persons, pay to the estate the difference between the value of the consideration received by the debtor and the value of the consideration given by the debtor — if
>
> …
>
> (b) the party was not dealing at arm's length with the debtor and
>
> > (i) the transfer occurred during the period that begins on the day that is one year before the date of the initial bankruptcy event and ends on the date of the bankruptcy, or
> >
> > (ii) the transfer occurred during the period that begins on the day that is five years before the date of the initial bankruptcy event and ends on the day before the day on which the period referred to in subparagraph (i) begins and

> (A) the debtor was insolvent at the time of the transfer or was rendered insolvent by it, or
>
> (B) the debtor intended to defraud, defeat or delay a creditor.
>
> …
>
> 98 (1) If a person has acquired property of a bankrupt under a transaction that is void or voidable and set aside or, in the Province of Quebec, null or annullable and set aside, and has sold, disposed of, realized or collected the property or any part of it, the money or other proceeds, whether further disposed of or not, shall be deemed the property of the trustee.
>
> (2) The trustee may recover the property or the value thereof or the money or proceeds therefrom from the person who acquired it from the bankrupt or from any other person to whom he may have resold, transferred or paid over the proceeds of the property as fully and effectually as the trustee could have recovered the property if it had not been so sold, disposed of, realized or collected.

35. The Trustee believes the transfer at undervalue tests under the BIA and related remedies, are supported by the results of the investigation to date, and the affidavit evidence to be provided by Ms. Robertson in connection with this motion regarding her knowledge of the source of the Settlement Assets.

36. The results of the Trustee's investigation and Ms. Robertson's evidence support a finding that the Settlement Assets originated from Quadriga and/or were funded with property that originated from Quadriga as no other source of funding for significant asset accumulation is apparent to the Trustee based on evidence reviewed to date. The Trustee believes it has a property interest in the Settlement Assets under the provisions governing transfers at undervalue set out in the BIA. The requested relief in the Settlement Approval Order would establish that interest in a manner consistent with the relief that

the Trustee believes it would have obtained if it had pursued its claims against the Settling Parties through litigation.

37. In the Fifth Report, the Monitor made the following observations regarding the potential profitability of Quadriga:

> 102. As the Company appears to have failed to maintain traditional books and accounting records and produced no accounting reports or financial statements since 2015, the Monitor is unable to estimate the profitability of Quadriga. However, the Monitor has analyzed the limited information available and notes certain information below.
>
> 103. The Platform did not track operating costs, however, it does appear to track fee revenues charged on individual transactions. The Monitor notes that given the lack of reporting capability, the Monitor is unable to assess the reasonableness of these numbers.
>
> 104. Attached below is a summary of the Quadriga fee revenues reported within the Platform for the period 2014 through 2019 adjusted to remove fees earned on transactions processed through the Identified Accounts. Fiat fees (CDN and USD) have been adjusted to Canadian equivalent dollars and the Cryptocurrency fees are reported in the currency earned.

	Currency	2014	2015	2016	2017	2018	2019	Total
Deposit Fees	CDN	$3,138	$46,500	$116,380	$5,677,680	$4,606,313	$29,822	$10,479,833
Withdrawal Fees	CDN	-	$6,713	$109,085	$1,537,760	$2,402,319	$5,323	$4,061,200
Trade Fees	CDN	$13,304	$130,807	$286,168	$9,546,762	$8,396,152	$89,620	$18,462,813
		$16,442	$184,020	$511,633	$16,762,202	$15,404,784	$124,765	$33,003,846

	Currency	2014	2015	2016	2017	2018	2019	Total
Trade Fees	BTC	37	338	344	870	429	12	2,030
	ETH			1,564	9,618	3,050	131	14,363
	LTC				6,640	4,393	119	11,152
	BCH				587	206	10	803
	BTG				156	469	48	673
	BSG					25	5	30

> 105. It appears that Quadriga generated modest revenues between 2014 and 2016. The popularity of Cryptocurrency and the commodity value appreciation served as a catalyst for Quadriga's rapid revenue growth and the fees earned in 2017 and 2018.
>
> 106. Although operating expenses appear not to have been tracked or accounted for the Monitor has been able to identify a series of obligations incurred or costs which the organization would likely have funded including:
>
> (a) TPP fees ($11.8 million paid to two processors between 2017 and 2018); quantum paid to other TPPs is unknown;
>
> (b) Ethereum Classic splitter contract loss of 67,000 ethereum (approximately $13 million at the time of the loss) associated with an Ethereum Classic splitter contract in 2017);
>
> (c) Operating costs including legal fees, independent contractor fees, general operating costs including technology services and AWS server fees and corporate taxes (if applicable) although not filed;
>
> (d) Amounts paid or transferred to Mr. Cotten or Ms. Robertson and related entities;
>
> (e) Fees and trading losses associated with Cryptocurrency transferred to external Exchanges including Cryptocurrency transition sites; and
>
> (f) Fees and trading losses associated with margin accounts.
>
> 107. It is possible that the above obligations or costs exceeded the fee revenue earned by Quadriga and resulted in a deficiency in Funds held on behalf of Users. In addition, the freezing of Fiat through the CIBC Interpleader Motion described in the Initial Affidavit and First Report created additional liquidity issues, impacting Quadriga's ability to fund withdrawal requests from Users.

38. In addition, the Monitor described in the Fifth Report the use of Identified Accounts. The most significant of the Identified Accounts was an account held in the name of Chris Markay (the "**Chris Markay Identified Account**"). As noted in the Fifth Report, the

Identified Accounts were credited with significant unsupported deposits, and subsequently significant transfers of cryptocurrency were then made from the Chris Markay Identified Account off the Quadriga platform, including to other exchanges where the cryptocurrency was liquidated for unaccounted for cash and used for margin trading that resulted in significant losses. An estimate of the transferred cryptocurrency was noted in the Fifth Report as follows:

> 93. In addition to trades within the Quadriga Platform, the Monitor independently verified through blockchain analysis that large volumes of Cryptocurrency were withdrawn from Quadriga through the Chris Markay Account. It appears that although the Chris Markay Account may have been funded with Unsupported Deposits, real Cryptocurrency was transferred out.
>
> 94. A summary of the Chris Markay Cryptocurrency withdrawal values by year and by currency follows:

Currency	2016	2017	2018	Total
Btc	6,753.11	4,972.48	6,087.54	**17,813.13**
Eth	402,749.17	602,482.22	68,573.33	**1,073,804.72**
Ltc	-	25,298.93	165,365.67	**190,664.60**
Bch	-	9,512.40	4,927.72	**14,440.12**
Btg	-	-	1,800.00	**1,800.00**
Etc	34,459.13	-	-	**34,459.13**

39. In the Third Report of the Monitor dated March 1, 2019 (the "**Third Report**"), which is appended to this Fourth Report as Appendix "D", the Monitor analyzed Quadriga's known bitcoin reserves (the most significant cryptocurrency traded on the Quadriga platform) using public blockchain information. The Third Report noted that it appeared Quadriga did not have any bitcoin reserves in its cold wallets since April 2018 and never had bitcoin reserves equal to the amount bitcoin owed to Affected Users as of the Filing Date. Specifically, the Third Report noted the following:

45. The Monitor understands that prior to the Filing Date, the Applicants made significant efforts to identify and locate any additional cold wallet addresses or other wallet addresses that may contain cryptocurrency reserves. However, to date, the Applicants have not been able to identify any other wallet addresses that may have been used to store reserves of bitcoin or other cryptocurrencies. The Monitor continues to work with representatives of the Applicants and internal blockchain resources to determine if any other cold wallet addresses or other wallet addresses with cryptocurrency reserves exist.

46. The Monitor has commenced a preliminary review of the transactional activity of the Identified Bitcoin Cold Wallets utilizing public blockchain records. This analysis conducted by the Monitor indicates the following:

(a) From April 2014 to approximately April 2018, aggregate bitcoin month end balances in the Identified Bitcoin Cold Wallets ranged from a low of nil to a peak of approximately 2,776 bitcoin. The average aggregate month end balance over the four-year period was approximately 124 bitcoin. In April 2018, the remaining bitcoin in the Identified Bitcoin Cold Wallets was transferred out bringing the balances down to nil. Other than the Sixth Wallet, there have been no deposits into the Identified Bitcoin Cold Wallets since April 2018 except for the inadvertent transfer of bitcoin by the Applicants as disclosed in the First Report.

(b) Post April 2018, the Sixth Wallet appears to have been used to receive bitcoin from another cryptocurrency exchange account and subsequently transfer the bitcoin to the Quadriga hot wallet. As of the date of the Third Report, the Sixth Wallet contains no cryptocurrency. The last transaction from the Sixth Wallet was initiated on December 3, 2018.

(c) Certain of the bitcoin in the Identified Bitcoin Cold Wallets appear to have been transferred to accounts at other cryptocurrency exchanges. As set out at paragraph 38 of the Third Report it is not possible to ascertain with absolute certainty from public information who the owner of an address is, however, the tools and sources utilized by the Monitor indicate that certain receiving wallet addresses from transactions in the Identified Bitcoin Cold Wallets are

> wallet addresses associated with identifiable cryptocurrency exchanges. As indicated above, the Monitor has reached out to various cryptocurrency exchanges to identify possible accounts controlled by Quadriga or Mr. Cotten and receive transactional information in respect of any such accounts.
>
> 47. The Monitor has made inquiries of the Applicants as to the reason for the lack of cryptocurrency reserves in the Identified Bitcoin Cold Wallets since April 2018. To date, the Applicants have been unable to identify a reason why Quadriga may have stopped using the Identified Bitcoin Cold Wallets for deposits in April 2018, however, the Monitor and Management will continue to review the Quadriga database to obtain further information.

40. As set out above, the Trustee is also aware of material acquisitions in the name of one or more of the Settling Parties, in each of 2016, 2017 and 2018, including acquisition of real estate properties, vehicles, jewellery, and funds gifted or loaned to other parties. The acquisition of such significant assets using Quadriga's funds, likely deposited by Affected Users, would have further reduced the available funds to satisfy the liabilities owed to Affected Users.

41. Based on the cumulative information available to the Trustee, the Trustee believes that it is reasonable to reach the conclusion that "the debtor was insolvent at the time of the transfer or was rendered insolvent by it" as contemplated in section 96(1)(a) of the BIA.

Variation of the Asset Preservation Order

42. As part of the Settlement Approval Order, the Trustee is requesting this Court amend the Asset Preservation Order of the Nova Scotia Court to unfreeze the Settlement Assets and the Excluded Assets to permit the transactions contemplated by the Settlement Agreement to occur. As part of the Orders of the Nova Scotia Court dated September 10, 2019 (the "**Transfer Orders**") transferring the Bankruptcy Proceedings to Ontario, the

Nova Scotia Court declared that this Court "may seize any matter related to or ancillary to the [Bankruptcy] Proceedings." Copies of the Transfer Orders are attached to this Fourth Report as Appendix "E".

43. With that authorization, the Trustee believes it would be appropriate for this Court to amend an order of the Nova Scotia Court to permit implementation of the Settlement Agreement in an efficient manner and avoid the cost and delay associated with seeking separate relief from the Nova Scotia Court.

CONCLUSION

44. For the reasons set out in this Fourth Report, the Trustee recommends that the Court approve the Settlement Agreement and grant the other relief requested in the Settlement Approval Order.

All of which is respectfully submitted this 7th day of October 2019.

ERNST & YOUNG INC.
Licensed Insolvency Trustee
acting its capacity as Trustee in Bankruptcy
of Quadriga Fintech Solutions Corp., Whiteside Capital Corporation and
0984750 B.C. Ltd. and not in its personal capacity

Sharon Hamilton

Sharon S. Hamilton
Senior Vice President

George Kinsman
Senior Vice President

APPENDIX “A”

2019 Hfx No. 484742

IN THE SUPREME COURT OF NOVA SCOTIA

IN THE MATTER OF: Application by Quadriga Fintech Solutions Corp., Whiteside Capital Corporation and 0984750 B.C. Ltd. dba Quadriga CX and Quadriga Coin Exchange (collectively referred to as the "Applicants"), for relief under the Companies' Creditors Arrangement Act

FIFTH REPORT OF THE MONITOR

June 19, 2019

June 19, 2019

STIKEMAN ELLIOTT LLP
Barristers & Solicitors
5300 Commerce Court West
199 Bay Street
Toronto, Canada M5L 1B9

Elizabeth Pillon LSO#: 35638M
Tel: (416) 869-5623
Email: lpillon@stikeman.com

Maria Konyukhova LSO#: 52880V
Tel: (416) 869-5230
Email: mkonyukhova@stikeman.com

Lee Nicholson LSO#: 66412I
Tel: (416) 869-5604
Email: leenicholson@stikeman.com
Fax: (416) 947-0866

Lawyers for the Monitor, Ernst & Young Inc.

2019 Hfx No. 484742

IN THE SUPREME COURT OF NOVA SCOTIA

IN THE MATTER OF: Application by Quadriga Fintech Solutions Corp., Whiteside Capital Corporation and 0984750 B.C. Ltd. dba Quadriga CX and Quadriga Coin Exchange (collectively referred to as the "Applicants"), for relief under the Companies' Creditors Arrangement Act

FIFTH REPORT OF THE MONITOR

June 19, 2019

INTRODUCTION

1. On February 5, 2019 (the "**Filing Date**"), Quadriga Fintech Solutions Corp., Whiteside Capital Corporation and 0984750 B.C. Ltd. ("**Quadriga**" or the "**Company**") d/b/a Quadriga CX and Quadriga Coin Exchange (collectively, the "**Applicants**") were granted protection from their creditors by the Nova Scotia Supreme Court (the "**Court**") under the *Companies' Creditors Arrangement Act* (the "**CCAA**"). Pursuant to an Order of Justice Wood dated February 5, 2019 (the "**Initial Order**"), Ernst & Young Inc. ("**EY**") was appointed as the monitor (the "**Monitor**") of the Applicants in these CCAA proceedings.

2. On April 11, 2019, a Termination and Bankruptcy Assignment Order (the "**Termination 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**"). On April 15, 2019, each of the Applicants were assigned into bankruptcy.

PURPOSE

3. The purpose of the Fifth Report of the Monitor (the "**Fifth Report**") is to provide the Court and stakeholders with an interim report on the Monitor's investigations into the business and affairs of the Applicants and its previous sole director Gerald Cotten.

4. The investigation, realization and distribution process for the benefit of the affected users will continue to be pursued via the Bankruptcy Proceedings. Future reports associated with these activities will be completed by Ernst & Young Inc. acting in its capacity as Bankruptcy Trustee (the "**Trustee**").

5. The Monitor has structured the Fifth Report as follows (all capitalized terms are as defined in the balance of the Fifth Report):

(a) Investigation Update

i. Executive Summary;

ii. Interim Investigation Procedures;

iii. Overview of Quadriga Business;

iv. Affected Users;

v. Recoveries to Date;

vi. Recovery Efforts on Devices and Accessible Information;

vii. Security of the Operating Platform and AWS Data;

viii. Books and Records;

ix. Quadriga Operating Platform and Database;

x. Blockchain Analysis;

xi. Operational Issues;

xii. Potentially Inappropriate Use of Affected Users' Funds;

xiii. Gerald Cotten Platform Activities;

xiv. Quadriga Profitability Comments; and

xv. Next Steps in the Investigation

(b) Third Party Payment Processor Update

TERMS OF REFERENCE

6. In preparing this Fifth Report, the Monitor has relied upon unaudited financial information, the Company's books and records, financial information prepared by the Company (the "**Information**") and discussions with the Applicants' directors, senior management team, consultants ("**Management**") and legal advisors. The Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards ("**GAAS**") pursuant to the *Chartered Professional Accountants Canada*

Handbook, and accordingly the Monitor expresses no opinion or other form of assurance in respect of the Information.

7. Except as otherwise stated, the Monitor's understanding of factual matters expressed in this Report concerning the Applicants and their business is based on the Information, and not independent factual determinations made by the Monitor.

8. The Monitor has relied upon the information available to it from Quadriga, its independent contractors and other parties with historical involvement with Quadriga. The Monitor has attempted to independently review and corroborate the information received, where possible. The Monitor notes the lack of formal books and records and inability to access certain encrypted devices have limited the Monitors review. Given Mr. Cotten's death, a key corporate representative was not available and the Monitor was not able to seek an explanation or justification, if any, for the preliminary observations and findings outlined herein. The comments below reflect the Monitor's current understanding and assessment of the information received to date. The Monitor notes further information could arise during the course of the Bankruptcy Proceedings, which may impact some of the observations below and the Monitor's understanding and assessment are necessarily preliminary. The Monitor believes it is important for the Court and Users to have the opportunity to review the results of the investigation to date. The Report is subject to the limitations expressed herein.

9. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars.

INVESTIGATION UPDATE

Executive Summary

10. The Monitor's preliminary investigation identified the following principal concerns which it believes contributed to the current situation facing Quadriga and its Users:

    (a) Quadriga's operating infrastructure appears to have been significantly flawed from a financial reporting and operational control perspective. Activities were largely directed by a single individual, Mr. Cotten and as a result, typical segregation of duties and basic internal controls did not appear to exist;

    (b) No accounting records have been identified by the Monitor and there appears to have been no segregation of assets between Quadriga Funds and User Funds. Funds received from and held by Quadriga on behalf of Users appear to have been used by Quadriga for a number of purposes other than to fund User withdrawals. With its available infrastructure, Quadriga does not appear to have had visibility into its profitability, if any;

    (c) The Company appears to have engaged in significant "cash" transactions. The Monitor has been unable to verify if cash deposits were deposited into accounts containing User Funds and or properly recorded;

    (d) The Monitor has been unable to locate basic corporate records including the location and security passwords associated with Quadriga's Fiat and Cryptocurrency inventories between TPPs, bank accounts, wallet addresses and third-party exchanges. In addition, the Monitor understands passwords were held

by a single individual, Mr. Cotten and it appears that Quadriga failed to ensure adequate safeguard procedures were in place to transfer passwords and other critical operating data to other Quadriga representatives should a critical event materialize (such as the death of key management personnel);

(e) The Company relied extensively upon the services of TPPs to administer its fiat treasury functions. Adequate governance arrangements, oversight or reporting functions in relation to Fiat maintained by these third parties does not appear to have been in place;

(f) User Cryptocurrency was not maintained exclusively in Quadriga's hot and cold wallets. Significant volumes of Cryptocurrency were transferred off Platform outside Quadriga to competitor exchanges into personal accounts controlled by Mr. Cotten. It appears that User Cryptocurrency was traded on these exchanges and in some circumstances used as security for a margin trading account established by Mr. Cotten. Trading losses incurred and incremental fees charged by exchanges appear to have adversely affected Quadriga's Cryptocurrency reserves. In addition, substantial amounts of Cryptocurrency were transferred to wallet holders whose identity the Monitor has been unable to confirm;

(g) Mr. Cotten created Identified Accounts under aliases where it appears that Unsupported Deposits were deposited and used to trade within the Platform resulting in inflated revenue figures, artificial trades with Users and ultimately the withdrawal of Cryptocurrency deposited by Users; and

(h) Substantial Funds were transferred to Mr. Cotten personally and other related parties. The Monitor has not located any support justifying these transfers.

Interim Investigation Procedures

11. The investigation into Quadriga's business and affairs has been challenging due to the limited books and records available to review, limited parties with institutional knowledge, reporting limitations within the Platform, the complexities of blockchain analysis coupled with limited reliable data, and Quadriga's reliance upon TPPs to facilitate the Fiat treasury functions through multiple service providers, all combined with the volume of transactions processed by the Company.

12. The Monitor continues its efforts to assemble supporting documentation and information necessary to analyze Quadriga's business and affairs. To date, the Monitor has:

(a) taken possession of an inventory of devices belonging to Mr. Cotten reportedly used in the day to day management of the business. Certain of these devices have been accessed by the Monitor and a preliminary analysis of the contents conducted. In other cases, the devices are encrypted and as a result, the Monitor has been unable to access the content;

(b) been unable to locate any traditional books and records, including accounting records documenting Quadriga's financial results and operations following 2016. Quadriga appears not to have maintained a general ledger or traditional accounting records since at least 2016;

(c) obtained access to certain of Mr. Cotten's e-mail and other communication records. The Monitor understands Mr. Cotten used multiple communication methods and services, including encrypted e-mail services and chat communications which cannot be accessed;

(d) held preliminary discussions with two of the Directors and with certain of the primary independent contractors having institutional knowledge of Quadriga's business and affairs;

(e) preserved the Platform, including all transactional details maintained therein necessary to evaluate User claims;

(f) assembled and analyzed Fiat transaction records from certain TPPs. Efforts by the Trustee to secure additional TPP information including bank account statements from various financial institutions involved with the Quadriga business are ongoing;

(g) assembled and analyzed Cryptocurrency records and performed preliminary blockchain analysis using information obtained from the Platform and independent third-party exchanges where Mr. Cotten maintained accounts. Efforts by the Trustee to obtain additional transaction details with unresponsive third-party exchanges linked to the Quadriga business and accounts maintained by Mr. Cotten are continuing;

(h) reviewed the initial investigative report prepared by an external consultant following Mr. Cotten's death;

(i) held preliminary discussions with Mr. Cotten's widow, Jennifer Robertson, in relation to assets under her control now subject to the Asset Preservation Order; and

(j) responded to communications from regulatory agencies and communicated the Monitor's interim information and assessments to law enforcement and regulatory officials and cooperated with agency requests where made.

Overview of Quadriga Business

13. The nature of Quadriga's business has been described in earlier Reports and affidavits filed in the CCAA proceedings. As noted in this Fifth Report, the manner in which the Quadriga business in practice operated differed from the preliminary description. Below is the Monitor's understanding of the overall Quadriga business model.

14. Quadriga operated a cryptocurrency exchange platform allowing Users to store, buy and sell various cryptocurrencies from its online operating platform (the "**Platform**") through its website at www.quadrigacx.com. Users could transact in Canadian dollars, US dollars (collectively "**Fiat**"), Bitcoin, Bitcoin Cash S.V., Bitcoin Cash, Bitcoin Gold, Litecoin and Ethereum (collectively "**Cryptocurrency**"). Quadriga earned transaction fees as a percentage of all Fiat transactions and Cryptocurrency trades on the Platform. Users were not charged a fee to deposit or withdraw Cryptocurrency to or from the Platform.

15. The Platform allowed Quadriga users (the "**Users**") to create accounts on the Platform (the "**Accounts**") and deposit Fiat and Cryptocurrency (collectively "**Funds**") into those Accounts with Quadriga. Deposits were initiated by Users logging into his/her Account,

creating a deposit transaction and sending Funds to Quadriga via one of the approved Quadriga deposit methods. A Quadriga representative would then manually verify the receipt of Funds and note the deposit as having been received in the Platform. The Users' Account was then credited with the applicable currency. Users could then place buy or sell orders on the Platform to trade Fiat for Cryptocurrency, exchange Cryptocurrency for another Cryptocurrency, or trade Cryptocurrency for Fiat. If a counterparty for an order was found within the Platform a trade would occur resulting in the Users' respective Fiat and Cryptocurrency Account holdings being debited and/or credited with applicable Funds less transaction fees.

16. The terms and conditions on Quadriga's website governing the use of the Platform are attached as **Appendix "A".**

Fiat Transactions

17. Due to the nature of its business, Quadriga was limited in its ability to open or maintain bank accounts in its name and had to rely upon third party payment processors ("**TPPs**") to administer its Fiat treasury functions including storing Fiat deposited by Users. Quadriga entered into arrangements with a number of different parties that acted as TPPs. Users could deposit and withdraw Fiat through several processing options including cash transactions, bank wires, electronic fund transfers, credit card postings and postal money orders, generally all managed through TPP accounts. Custody of User Fiat was maintained within the TPP bank accounts.

18. Upon creating a Fiat deposit transaction on the Platform and sending Funds, users would generally upload support documentation associated with the Fiat deposit to the Platform.

The support documentation was tagged to the particular deposit transaction. This appeared to allow Quadriga representatives to determine to which TPP account the Fiat was sent and to verify receipt. Support documentation uploaded by Users for Fiat deposits typically included either originating bank account details, e-mail correspondence, credit card information, customer addresses, tracking numbers, voucher codes, copies of bank drafts, wire details or other bank verification support as applicable.

19. In reviewing a small selected sample of User deposit records on the Platform, the Monitor identified various User Fiat deposits where no supporting documentation appears to have been uploaded. In the majority of those instances, deposits were recorded as having been made via "Cash deposits" or "Admin Adjustments". The Monitor also identified other instances where Account deposits were made through methods where supporting documentation should have been available, such as wire confirmation or e-transfers, but no supporting documentation was located in the Platform. As a result, it has not been possible for the Monitor to verify whether the deposits were actually made or to which TPP accounts funds were deposited. The Platform does not maintain supporting documentation or information for Fiat withdrawals.

20. Different TPPs provided different processing options for the Company. Certain TPPs were payment processing companies offering services to Quadriga pursuant to written agreements while other TPPs were simply independent contractors involved with Quadriga who agreed to use their personal or corporate bank accounts to process Quadriga transactions, often without any formal written agreement in place. The Monitor has also identified several personal bank accounts and credit card accounts in the name of Mr. Cotten or parties related to Mr. Cotten that were used by Quadriga for processing Fiat

transactions. The Platform does not appear to contain a comprehensive listing of all of the Fiat accounts utilized by Quadriga.

Cryptocurrency Transactions

21. Users could also deposit, trade and withdraw Cryptocurrency through the Platform. For deposits, Users were provided a hot wallet address (the "**User Wallet**") to send Cryptocurrency onto the Quadriga exchange. A User Wallet was typically (although not always) an address set up uniquely for a single User. Users did not control the private keys of the User Wallets. The individual User Wallets were provided solely to enable transfers from outside the Platform to the Platform in a way that inbound Cryptocurrency transactions could be associated with the appropriate User Account. The User Wallets were controlled by Quadriga and Cryptocurrency received through User Wallets were pooled by Quadriga and transferred out of the User Wallets.

22. Cryptocurrency deposits, once confirmed, were credited to the User Accounts. Quadriga maintained custody and control of the Cryptocurrency on behalf of the Users while their funds were on the Platform. Unlike Fiat transactions, User initiated Cryptocurrency transactions through the Platform (deposits/withdrawals) were processed automatically by the Platform subject to sufficient Cryptocurrency being available to complete a transaction.

23. The Platform recorded both the receiving wallet and the destination wallet details associated with all Cryptocurrency deposits and withdrawals in and out of the Platform. As such, it is possible to utilize these wallet details for individual Cryptocurrency transactions to independently verify the transfer of Cryptocurrency against public blockchain information.

24. To a certain extent, Quadriga operated in a similar fashion to a traditional brokerage institution in that Users could view their individual Account holdings but User Fiat and Cryptocurrency assets were maintained in general pooled accounts pending future User transaction activity. As Quadriga hot wallet inventory levels increased, portions of the Cryptocurrency were reportedly transferred to cold wallets for safe storage. From the Monitor's investigation to date, the Monitor understands that custody and control of the Cryptocurrency holdings, including the decision as to where to maintain Cryptocurrency reserves, was primarily determined by Mr. Cotten.

25. As set out in the Third Report of the Monitor, the Monitor's investigation has revealed that Quadriga last used its designated bitcoin cold wallets in April 2018.

Affected Users

26. The data within the Platform indicates that as at the Filing Date, approximately 76,000 Users were owed a combination of Fiat and Cryptocurrency by Quadriga. Account holdings reported within the Platform as at the Filing Date, in base currency and Canadian dollar equivalent values [1] translated as at the Filing Date are as follows:

	Bitcoin	Bitcoin Cash SV	Bitcoin Cash	Bitcoin Gold	Litecoin	Etherium	CDN Dollars	US Dollars
Units	26,295	9,621	10,233	25,489	122,743	89,924	$66,959,075	$5,469,882
Cdn Exchange (Feb 5, 2019)	$4,550.25	$80.55	$153.88	$12.58	$44.95	$140.62	$1.00	$1.31
CDN Equivalent	$119,646,913	$774,941	$1,574,602	$320,653	$5,517,309	$12,645,120	$66,959,075	$7,180,315

CDN Equivalent Fiat Holdings	$74,139,390
CDN Equivalent Cryptocurrency Holdings	$140,479,538
CDN Equivalent Total Holdings	$214,618,928

[1] Cryptocurrency to Canadian dollar values are based upon prices reported on the website

27. The Canadian dollar equivalent value of Quadriga Fiat and Cryptocurrency obligations to Users reflected in Quadriga's database as at the Filing Date totalled $74.1 million and $140.5 million respectively or $214.6 million in aggregate. These values differ from previously reported values as source code reports generated by Quadriga's independent contractor have been refined during the CCAA proceedings.

Recoveries To Date

28. As outlined in previous Reports of the Monitor, significant effort was required to identify TPPs that may have held Fiat as at the Filing Date and to effect the transfer of such Fiat from the TPPs to bank accounts established by the Monitor. Attached as **Appendix "B"** is the Monitor's Final Statement of Receipts and Disbursements (the "**SRD**") of the Disbursement Account reporting all banking transactions within the CCAA proceedings.

29. The Monitor has recovered Fiat totalling $31.5 million from various sources. Subsequent to the bankruptcy date, the Trustee has recovered an additional $0.5 million. The Trustee has identified and is pursuing the recovery of an additional approximately $900,000 from one of the TPPs as a result of its investigation and information obtained pursuant to earlier Orders of this Court. Other Fiat recoveries from TPPs who have not responded to the Monitor's requests for information or various Court Orders will continue to be pursued by the Trustee. As and when additional potential TPPs are identified, the Trustee will pursue information and Quadriga Property from these parties.

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www.coingecko.com.

30. The Monitor has also taken possession of or identified Cryptocurrency valued, in Canadian equivalent dollars as at the Filing Date, at approximately $1.0 million as follows:

Bitcoin	61.33029548
Bitcoin Cash	33.31773499
Bitcoin Gold	2,661.91654095
Litecoin	851.72720131
Ethereum	960.36200048
Bitcoin in Quadriga Cold Wallets not currently accessible	104.335082[2]

31. Total Funds (Fiat and Cryptocurrency) realized by the Monitor/Trustee approximates $33.0 million. Actions taken to locate missing Account holdings are outlined in this Fifth Report.

Recovery Efforts on Devices and Accessible Information

32. Quadriga represented itself as being one of Canada's largest cryptocurrency exchanges serving over 360,000 registered Users. Notwithstanding the size of the operation in terms of transactional values and volumes processed, specifically during 2017 and 2018, Quadriga was effectively a small operation with what appears to be limited corporate infrastructure and limited controls in respect of its operations. The face of the Company and the controlling mind of the business appears to have been Mr. Cotten. To date, the Monitor has been unable to locate any corporate records, to the extent such records exist, other than the limited materials found on electronic devices controlled by Mr. Cotten, TPP service provider records and data contained within the Platform. The Monitor notes other parties may have been involved in working with Mr. Cotten in implementing the

[2] As reported within the Monitor's First Report, on February 6, 2019, Quadriga inadvertently transferred 104 bitcoins valued at approximately $468,675 to Quadriga cold wallets which the Company is currently unable to access.

arrangements described in this Report, however further information is required to identify others' involvement with certainty.

33. Quadriga did not maintain physical servers to retain supporting documentation associated with the business in the form of historical report retention, correspondence files, e-mail servers or other business communications. The Monitor understands that multiple communication services, e-mail systems and chat services, including encrypted communication methods were used at various intervals by Mr. Cotten and Quadriga contractors for business correspondence.

34. The Monitor has taken physical possession of a number of known electronic devices used by Mr. Cotten. It is not clear if other devices were used by Mr. Cotten or other parties within Quadriga as logs or records of devices do not appear to have been maintained. In respect of the devices now in the Monitor's possession, three of the electronic devices (a USB stick, large MacBook laptop computer and Mr. Cotten's home computer) were found to be encrypted (the "**Encrypted Devices**"), and as such, their contents have not been accessed to date. The Monitor took forensic images of the large MacBook laptop computer and Mr. Cotten's home computer. In addition, other unencrypted devices, including two cell phones and a small MacBook laptop computer (the "**Unencrypted Devices**") have also been imaged. The Monitor has accessed the images of the Unencrypted Devices and a preliminary review of the data was conducted including efforts to locate potential passwords for the Encrypted Devices, access wallet information with respect to possible previously unidentified Cryptocurrency reserves and to review general communications and other file documents providing information in relation to Quadriga's operations.

35. The Monitor notes that after Mr. Cotten's death but prior to the CCAA filing, different Company representatives and an external consultant engaged to locate missing Cryptocurrency had possession of the Unencrypted and Encrypted Devices. A limited inventory of Cryptocurrency was retrieved from the Unencrypted Devices, returned to the Company and used to fund User withdrawal requests prior to the Filing Date.

36. The external consultant prepared a report detailing his investigation efforts, a copy of which has been provided to and reviewed by the Monitor.

37. The Monitor was advised that Quadriga maintained a Fastmail account with email addresses for Mr. Cotten and all of the individuals that worked as independent contractors to Quadriga. The Monitor has been able to recover e-mails stored on Quadriga's Fastmail account. The Monitor has also recovered certain text messages stored on Mr. Cotten's Unencrypted Devices.

38. The Monitor understands that Mr. Cotten used a Gmail account and email address for communications related to Quadriga's business. The Trustee is currently pursuing efforts to obtain access to these e-mail communications. Discussions with Google indicate that it may require the Trustee to obtain a court order in the United States of America. Additionally, the Monitor's review of Mr. Cotten's available email and text correspondence indicates that he may have used various encrypted text messaging services. To date, the Monitor has been unable to access any of these communications.

39. The Monitor reviewed text and e-mail threads from the accessible information which provided insights with respect to communication with TPPs and Fiat movements between entities including transfers to Mr. Cotten or entities related to him.

40. As set out above, the Monitor has not been able to locate complete records or logs of devices or forms of electronic communications used by Mr. Cotten or others in their roles at Quadriga. The Monitor has identified numerous examples where Mr. Cotten requested that individuals he was communicating with through email or unencrypted text messaging transition communications from these unencrypted methods to encrypted texts, telegram or messaging methods. The reasons for the usage of different email accounts and encrypted messaging services remains unclear.

Security of the Operating Platform and AWS Data

41. Pursuant to the terms of the Platform Access Order dated March 5, 2019, Amazon Web Services Inc. ("**AWS**") was authorized and directed to grant the Monitor with full and complete access to all AWS accounts in the name of Gerald Cotten or the Applicants. The Monitor made arrangements with AWS to ensure the AWS accounts are maintained so that the Platform and the Users' transaction details necessary to adjudicate claims within the Bankruptcy Proceedings may be preserved. This includes efforts to ensure that all material on the AWS servers that make up the Platform infrastructure and other digital assets located within the AWS accounts including backup copies of the Platform data, the Platform source code, documents, files and access logs are retained.

42. The AWS server architecture was complex in nature and involved a series of more than thirty (30) running servers. Quadriga backed up the Platform on an hourly basis and maintained copies of all backups within AWS. The Monitor undertook several activities to preserve the Platform data as follows:

(a) snapshots (backup copies) of identified storage devices (58 Volumes totalling approximately 7.4 Terabytes of data) associated with the Platform and servers were made and have been stored in a separate and isolated AWS environment only accessible to the Monitor;

(b) other files and folders located within the AWS environment which include approximately seventy (70) terabytes of data were also isolated and preserved in the same environment; and

(c) obtained access to cryptographic security keys used to provide interactive login access to the Platform back-end servers.

43. In addition to preserving the AWS servers and data within the Platform, the Monitor also sought control over the internet domain name "quadrigacx.com" by writing to the internet domain name registrar. The domain name is not registered to Quadriga, however, the registrar has been advised of these insolvency proceedings.

Books and Records

44. The Monitor has been unable to locate any evidence to suggest that Quadriga maintained any traditional books or accounting records since at least 2016. There are no indications that the Company maintained a general ledger accounting system, nor has the Monitor located any evidence of the existence of any accounting reports or financial statements since 2016, Corporate tax returns were not prepared or filed with the Canada Revenue Agency (the "**CRA**") and no HST filings were submitted. Quadriga engaged independent

consultants to assist with the operations, however, the Monitor has not located any records detailing the specific amounts paid to these independent consultants.

45. The Monitor has not located any documents that track operating expenses, including, independent contractor fees, TPP processing fees, third party exchange fees, server maintenance obligations, bank charges, communication services, marketing services, legal fees, compensation distributed to Mr. Cotten and others (either in the form of salary, dividends or otherwise) or taxes payable (if any). The Monitor understands that operating expenses were processed through Quadriga's extensive TPP network which frequently involved paying these expenses out of accounts funded with deposits from Users. As described further in this Fifth Report, the Monitor has obtained access to certain TPP records and bank statements and analysis of this information by the Trustee is ongoing.

Quadriga Operating Platform and Database

46. The Monitor obtained access to and control of the Platform and has been guided through its innerworkings by its architect and primary administrator. The Monitor understands the Platform evolved as Quadriga expanded from modest beginnings in 2015 serving a few thousand customers to a Platform managing over 360,000 customer profiles processing millions of transactions annually. The Platform has been internally developed primarily by a single individual, and so the system architecture has not been formally documented. The Monitor was granted administrative access rights to the Platform and is now able to review User specific transaction activities recorded within the Platform and the supporting documents in relation to system User transactions (both Fiat and Cryptocurrency). In

addition, the Monitor has been able to obtain a general understanding of how the system worked.

47. The User facing Platform was designed and operated as an effective tool to facilitate the service offerings provided by Quadriga (buying, selling and trading of Cryptocurrencies) and provided Users visibility into their respective Account holdings and transaction details. The Monitor reviewed various aspects of the Platform to understand how the system recorded customer information and maintained transaction support data. The Platform contains personal information and transaction support documentation on an individual User and transaction basis as described in this Fifth Report.

48. Generally, the Platform as an administrative tool to manage the Quadriga business lacks critical infrastructure and design in terms of:

(a) Accounting and profitability analysis capabilities;

(b) General ledger accounting and segregation of fund capabilities of total Fiat and Cryptocurrency holdings between User Funds and Quadriga Funds;

(c) Information with respect to relevant TPPs, bank account or wallets where assets are held;

(d) Asset tracking (Fiat and Cryptocurrency holdings) by TPP, bank account, wallet address or exchange location; and

(e) General administrative or internal controls embedded within the Platform.

49. The Platform has no reporting or accounting functionality. Although transaction fees are charged and recorded within the Platform on a transaction by transaction basis and User Account holdings are adjusted when fees were earned, the Platform does not generate reports aggregating revenues by period. Furthermore, the Monitor has been unable to locate evidence of Quadriga expenditures being recorded or tracked within the Platform or elsewhere. The Platform does not provide any visibility into whether Quadriga was operating profitably or not. It is unclear whether Quadriga had visibility into its financial position.

50. Users deposited Fiat and Cryptocurrency with Quadriga and their User Accounts were credited. Funds were maintained in TPP bank accounts or Quadriga pooled wallets. Quadriga then provided direction to TPPs with respect to the use or transfer of the Fiat. It is not clear however, that Quadriga maintained any current tracking with respect to the balance that should have been held by TPPs at any given point in time. With respect to Cryptocurrency, Quadriga was the custodian of the Cryptocurrency and controlled any transfers out of Quadriga wallets.

51. While Quadriga earned fees as a result of User transactions, the Monitor has not identified any detailed accounting of these fees or any process to transfer amounts relating to earned fees from TPP accounts containing User Funds to other accounts representing Quadriga Funds. There does not appear to have been any segregation of User Funds from Quadriga Funds. It appears that Quadriga accessed pooled Fiat in TPP accounts and Cryptocurrency holdings to fund its operations as required. Furthermore, the Monitor's investigation revealed that Mr. Cotten periodically transferred significant Fiat and Cryptocurrency

outside of Quadriga. The Monitor has not located any accounting to support these transfers.

52. To date, the Monitor has not located any evidence to suggest that Quadriga had the ability to track and reconcile pooled Funds by TPP, bank account, wallet address or exchange. The Monitor anticipated that definitive and accessible lists of accounts or wallet addresses would have been maintained and regular reconciliations performed to properly account for all Funds. The Platform does not report total Funds available nor does it identify specific accounts (bank account or wallet addresses) where Funds should be stored and no reconciliation efforts appear to have been maintained by the Company. The Monitor has reviewed correspondence between Mr. Cotten and certain TPPs in which Mr. Cotten inquires as to the balance being held by the TPP at a point in time. This further suggests that no tracking or accounting of Funds held by Quadriga existed.

53. User Account obligations as at the Filing Date indicate Quadriga ought to have held $74.1 million and $140.5 million of Fiat and Cryptocurrency respectively. The Platform does not report and Quadriga does not track where these Funds, if they do exist, were to have been physically, or in the case of Cryptocurrency, digitally maintained.

54. The Monitor understands that historically, limited access rights to the Quadriga operating system were granted to various internal Quadriga personnel based on their respective roles and responsibilities within the organization. The Monitor understands that as at the Filing Date, Mr. Cotten and the independent contractor responsible for maintaining the Platform were the only two individuals with full administrative privileges to the Platform.

55. The Platform is capable of and did in some instances track administrator activity. Activities of authorized administrators engaged by Quadriga to perform administrative functions such as Fiat deposit and withdrawal approvals or the establishment and approval of new Users to the Platform were tracked and recorded to maintain a record of which contractors approved or modified specific transactions within the Platform.

56. However, while standard access logs recorded certain administrator activity within the Platform, these access logs did not capture activity by those administrators with full administrative rights. As such, since Mr. Cotten had full access rights to the Platform, the system did not record Mr. Cotten's activities within the site. The Monitor was advised that the decision not to record Mr. Cotten's administrative activities was done at his request. The Monitor notes that access log tracking activity by all administrators, even those with the highest levels of access is a common and expected feature of any software application similar to the Platform.

57. The Monitor also notes that it does not appear that Quadriga had appropriate protocols in place with respect to safeguarding the location and accessibility of Cryptocurrency reserves and relevant passwords to access such reserves. Supplemental safeguard options including the use of a "dead-man switch" which would provide critical password information upon the death of a key principal of the organization. The Monitor is advised that Mr. Cotten indicated to family members that he had established a dead-man switch prior to his death. Family members were expecting to receive an email with critical Quadriga operating information within days of Mr. Cotten's passing. Neither the Monitor nor others involved with the organization are aware of a dead-man switch email having been received.

KYC Requirements

58. Quadriga's standard operating protocols did require Users to provide and management to retain Know Your Client ("**KYC**") information for Users transacting in Fiat. Quadriga Users transacting only in Cryptocurrency were not required to produce KYC personal information. KYC information could be provided by producing Equifax verification, through in person Canada Post verification or by uploading specified personal information such as pictures of passports, drivers' licenses and other personal identifying information.

59. The Monitor examined a small sample of User Account details as part of its investigation. KYC User information, where available, supplied to Quadriga has been saved directly within the Platform. The data is not masked in any way. Administrative access such as the access previously utilized by the independent consultants and Mr. Cotten and the access granted to the Monitor allows access to view KYC information for any User. Given the sensitivity of this personal information, the Monitor has restricted Platform access internally to a small number of Monitor / Trustee representatives who require access to the Platform to administer these proceedings.

60. In its sample User account review, the Monitor also attempted to note whether KYC support documents were consistently supplied. From the small sample, the Monitor notes that it appears that in general, the KYC requirements were followed but there are instances in which it was not.

61. Mr. Cotten's administrative privileges permitted him to override the KYC requirements within the Platform. The Monitor understands that Mr. Cotten reportedly overrode the KYC proof of personal information requirement on various occasions to approve new

Users to the Platform who Mr. Cotten was familiar with. In addition, Mr. Cotten appears to have used his administrative privileges to create customer account profiles without KYC information within the Platform, as further described below. The Monitor has not attempted to confirm how many of the 363,000 Quadriga customers have KYC details.

Blockchain Analysis

62. The Monitor was initially advised that Quadriga maintained minimal levels of Cryptocurrency within its hot wallets as Mr. Cotten reportedly moved most Cryptocurrency to cold wallet storage to protect Quadriga from hacking or virtual theft. As previously reported in the Monitor's Third Report, six (6) bitcoin cold wallet addresses (the "**Cold Wallets**") were disclosed and investigated. To date, cold wallets for any other forms of Cryptocurrency have not been identified to or by the Monitor.

63. Analysis of public blockchain records indicate the Cold Wallets had not been used since April 2018 other than to fund and receive bitcoin with a competitor exchange and that Cold Wallet holdings prior to April 2018 were inconsequential in relation to total User deposits.

64. The Monitor's preliminary blockchain analysis indicates that instead of maintaining Cryptocurrency within Quadriga controlled cold wallets, large volumes of Cryptocurrency were transferred out of Quadriga controlled wallets to accounts at competitor exchanges maintained in Mr. Cotten's personal name.

65. The Monitor has been able to obtain blockchain transaction details from two competitor exchanges with accounts held in the name of Mr. Cotten (the "**Exchange Accounts**"). One of the Exchange Account data sets is complete as it was received directly from the

Exchange. The other Exchange Account data set was indirectly received and appears to be primarily complete but is missing some transaction information.

66. The transactional analysis of the Exchange Accounts indicates the competitor exchanges received multiple forms of Cryptocurrency from Quadriga wallets from 2016 through 2019 including 9,450 bitcoin; 387,738 Ethereum and 239,020 Litecoin. Many of these holdings were converted into other Cryptocurrencies (primarily bitcoin). The conversion of User Cryptocurrency into other currencies through competitor exchanges resulted in incremental fees being incurred and currency exchange fluctuations relative to the original currency generating gains and losses. In addition, it appears that the activity in the Exchange Accounts resulted in overall trading losses.

67. The Monitor's blockchain analysis did indicate that a portion of the Cryptocurrency holdings within the Exchange Accounts, after trading activity, was returned back to Quadriga. The Monitor also noted that of the remaining Cryptocurrency not returned to Quadriga, 5.6 bitcoin appear to have been transferred to wallet addresses which the Monitor understands to be controlled by Mr. Cotten. As well, approximately 1,426.2 bitcoin were transferred from the Exchange Accounts to wallet addresses in respect of which the Monitor has no information as to the beneficial owner or understands the beneficial owner to be a party other than Mr. Cotten. In addition, the Monitor also noted that smaller amounts of other forms of Cryptocurrency were transferred to Mr. Cotten's wallets or wallets for which the beneficial owner was a third party or unknown person. As at the Filing Date neither of the Exchange Accounts held any Cryptocurrency.

68. The Monitor also learned from one of the Exchanges that Mr. Cotten had established a margin account that traded various Cryptocurrencies extensively (67,000 individual transactions). The margin account trades involved multiple currencies including DASH, OMG, ZEC and DOGE among others which are not tradeable on Quadriga. The margin account trading activities were subject to substantial fees and generated substantial losses. As a result of the losses, the Exchange liquidated a significant portion of the Cryptocurrency in the account to satisfy the margin shortfall thereby reducing the net inventory of Cryptocurrency available to be returned to Quadriga.

69. The Monitor's investigation identified a third Exchange Account (the "**Third Exchange**") (an offshore exchange) used by Mr. Cotten. The Monitor has received transaction information relating to the Third Exchange from a Quadriga contractor. The information obtained does not include full account information and details regarding the originating wallet addresses of Cryptocurrency deposits and receiving location of fiat withdrawals. The Monitor understands that there are approximately eight (8) bitcoin currently maintained within the Third Exchange account.

70. Although the Monitor has corresponded with the Third Exchange to attempt to obtain full account details, the position of the Third Exchange has been that given its jurisdiction and regulatory requirements, it is unable to provide the Monitor with the transaction information or the remaining bitcoin. However, the Monitor has been advised that the Third Exchange has provided account details to local law enforcement authorities in the jurisdiction of the Third Exchange. Accordingly, the Trustee is attempting to recover the information through formal channels.

71. The transaction information available to the Monitor with respect to the Third Exchange indicates that 21,501 bitcoin were deposited into the account in Mr. Cotten's name. While the Monitor's investigation suggests that at least some of the bitcoin originated from Quadriga, it is unclear whether all of the bitcoin originated from Quadriga given the lack of originating wallet information as set out above.

72. It appears that Mr. Cotten liquidated all of the bitcoin deposited in the account on the Third Exchange (except for eight (8) bitcoin) for the equivalent of approximately $80,000,000 Canadian dollars over the course of three years. To date, the Monitor has been unable to account for what happened to the proceeds of the sale of the Cryptocurrency through the Third Exchange.

73. The Third Exchange operates in a different manner than the Exchange Accounts in that the Third Exchange facilitates transactions between buyers and sellers allowing them to select their specific counterparty and utilizes an escrow feature to complete transactions rather than the Exchange taking custody of the transacting Funds. The Monitor has identified two specific trading partners within the Third Exchange who were the counterparties to significant transaction volume and value with Mr. Cotten.

74. The Trustee will continue to pursue information from external Exchanges and to review transactions involving the movement of Quadriga Cryptocurrency out of Quadriga wallets.

Operational Issues

75. Prior to 2017, Quadriga operated as a modest start up cryptocurrency exchange platform with limited customers, revenues, operating protocols and systems. Quadriga's operating

growth exploded in 2017 with expanding customer demand as market prices for many cryptocurrencies appreciated rapidly.

76. The Monitor has been advised that Quadriga struggled to keep up with operational demands both in terms of approving new customers onto the Platform and transactional processing. The limitations within the Platform infrastructure as set out above, including the lack of reporting capabilities, lack of accounting within the Platform and what appears to be ineffective controls were not addressed despite the significant growth in transaction volume and value.

77. Specific to Fiat processing, additional TPPs were engaged to assist Quadriga as volumes increased. The Monitor initially identified nine (9) TPPs involved with Quadriga. In addition, the Monitor has identified several bank accounts and other financial facilities in the names of Mr. Cotten, Ms. Robertson or corporations controlled by them that were also used to process Quadriga Fiat transactions. The Monitor estimates that more than forty (40) financial accounts have been used by or on behalf of Quadriga since inception. It appears that limited governance arrangements or contracts were implemented to ensure User Fiat was protected in the TPPs' custody. Some of the TPPs engaged were offshore entities.

78. The use of TPPs resulted in significant TPP fees and expenses being incurred. For example, fees paid by Quadriga to only two (2) of its significant TPPs between 2017 and 2018 exceeded $11.8 million.

79. The Monitor understands that in general, financial institutions declined to open bank accounts for which the purpose was to receive and disburse funds connected to a

cryptocurrency business. In its investigation and review of text and email communications, the Monitor noted that certain TPPs were instructed by Mr. Cotten to provide limited information to the financial institutions in relation to the intended use of the account and its association with the cryptocurrency industry to limit scrutiny by the financial institutions.

80. The Monitor identified a number of accounts that were frozen or closed subsequent to the financial institution becoming aware of the nature of the underlying transactions. The Monitor's investigation indicates that frequently, Quadriga's approach to addressing financial institution queries into the nature of the account usage was often to simply move on to another financial institution to avoid further questioning.

81. The Monitor's investigation also identified many "cash" transactions where certain Users repeatedly funded their Accounts with large cash deposits. The Monitor has been advised that this involved the User physically handing cash in the form of legal tender to a representative of Quadriga. As an example, the Platform recorded $12.1 million of "In person Payments" received from one User through a series of nineteen (19) cash transactions over a 5-month period. The Monitor has been unable to verify how or if these cash deposits were appropriately deposited into the Quadriga treasury system through TPP accounts or other accounts. The Monitor has also reviewed communications which appear to indicate that Mr. Cotten sometimes credited a User's account with a deposit with the understanding that the User would deliver cash at some point in the future. The deposits, once credited to the User's Account, were subsequently used by the User to trade and remove Cryptocurrency off Platform. The tracing of these cash deposits within the Quadriga treasury system remains an active item of investigation for the Trustee.

82. The substantial volume of cash transactions recorded within the Platform which the Monitor has been unable to account for may account for a portion of the deficiency in Funds held by Quadriga as at the Filing Date relative to User Account balances.

83. As set out above, the Monitor has been unable to locate any accounting with respect to the pooled Quadriga Funds. The Monitor notes the TPP accounts were used to process User Fiat transactions, fund general Quadriga operating costs and on multiple occasions funds were directed to Mr. Cotten, parties related to Mr. Cotten or counsel/parties acting on his behalf. It appears that as and when operating expenses were required to be paid, or when Mr. Cotten desired funds to be transferred to himself or related parties, he simply instructed TPPs to issue payments with no oversight.

84. An analysis of Quadriga operating disbursements processed through the TPP accounts will be extremely difficult to isolate given the lack of books and records and the inability of the Monitor to obtain detailed transaction information from all TPPs or even identify a comprehensive list of TPPs. Outlined later in the Report is an overview of the efforts undertaken to obtain information and Quadriga Property from identified TPPs.

Potentially Inappropriate Use of Affected Users' Funds

85. The general framework of the Quadriga business was to offer a Platform where Users could facilitate Fiat and Cryptocurrency trades with funding they provided. It appears that use of Funds was directed by a single individual – Mr. Cotten. The Monitor has identified several instances in which Funds may have been used inappropriately including:

(a) using User Funds to discharge Quadriga operating costs without tracking whether sufficient fee revenue had been earned to support the payment of the operating costs or without visibility into whether sufficient Funds remained to support User Fiat balances;

(b) accepting and crediting User Accounts with "cash deposits" without proper controls or accounting to ensure the Fiat deposits were appropriately deposited into TPP accounts;

(c) use of Third Party external Exchanges to hold User Cryptocurrency;

(d) conversion of Cryptocurrencies off Platform exposing Users to incremental fees and trading losses;

(e) User Funds being used as security for margin accounts off Platform and made subject to trading losses and enforcement risks;

(f) trading Unsupported Deposits (as defined later in this Report) for real Funds and generating artificial trading markets;

(g) using currency conversion services to trade User Cryptocurrency holdings; and

(h) transfer of Quadriga Funds to personal accounts and / or to fund personal assets.

86. There is no indication that the Users were aware that Funds were being utilized in this manner.

Gerald Cotten Platform Activities

87. As outlined in the Third Report of the Monitor, fourteen (14) Accounts were initially highlighted for the Monitor's review and determined to be controlled by Mr. Cotten (the "**Identified Accounts**"). An analysis of the Platform revealed the Identified Accounts had no KYC information and were maintained under various pseudonyms (examples include Chris Markay, Aretwo Deetwo and Seethree Peaohh).

Chris Markay Account

88. Approximately 95% of all Identified Account activity was processed through an Account in the name of Chris Markay. The Identified Accounts were credited with a significant amount of Funds (Fiat and Cryptocurrency) and used to transact with Users on the Platform and to transfer Funds out of Quadriga as described below.

89. The Chris Markay Account reported Fiat deposits exceeding $220 million and significant Cryptocurrency deposits including 34,806 bitcoin and 540,011 Ethereum onto the Platform between 2016 and 2018. Reported Fiat deposits include a single $100 million deposit in June 2017; a single $50 million deposit in January 2018 and a series of monthly deposits of approximately $10 million each between June and December 2018.

90. Although substantial Fiat deposits were reported there were no Fiat withdrawals recorded specifically from the Chris Markay Account other than a single $21,186 USD withdrawal made in 2015.

91. As discussed above, typically Users uploaded supporting documentation associated with User deposits including bank support materials or blockchain transaction detail as

applicable. However, in relation to the Chris Markay deposits referenced above only approximately 1% of the Fiat and Cryptocurrency deposits were supported by any documentation. The remaining deposit value appears to have no supporting documentation associated with it. To date, the Monitor has been unable to independently verify the deposits through blockchain analysis or review of TPP account statements accessed to date. As a result, the Monitor notes that it is likely that these deposits are not represented by actual Fiat or Cryptocurrency (the "**Unsupported Deposits**").

92. Once "deposited", the Unsupported Deposits were used to facilitate trades within the Platform and to withdraw real Cryptocurrency from Quadriga. Substantial trading activity was processed through the Identified Accounts which were counterparties to approximately 300,000 trades conducted on the Platform. This activity improved Platform trading volumes and generated additional fee revenue for Quadriga as an artificial market was established to provide bona fide Users a trading partner to complete requested transactions. Furthermore, as Users were trading real Funds for Unsupported Deposits their ability to withdraw Funds from Quadriga became subject to Quadriga's reserve levels at the time the withdrawal request was made.

93. In addition to trades within the Quadriga Platform, the Monitor independently verified through blockchain analysis that large volumes of Cryptocurrency were withdrawn from Quadriga through the Chris Markay Account. It appears that although the Chris Markay Account may have been funded with Unsupported Deposits, real Cryptocurrency was transferred out.

94. A summary of the Chris Markay Cryptocurrency withdrawal values by year and by currency follows:

Currency	2016	2017	2018	Total
Btc	6,753.11	4,972.48	6,087.54	**17,813.13**
Eth	402,749.17	602,482.22	68,573.33	**1,073,804.72**
Ltc	-	25,298.93	165,365.67	**190,664.60**
Bch	-	9,512.40	4,927.72	**14,440.12**
Btg	-	-	1,800.00	**1,800.00**
Etc	34,459.13	-	-	**34,459.13**

95. The Monitor analyzed the detailed transaction withdrawal history from the Chris Markay Account consisting of more than 2,500 transactions. A significant number of these withdrawals appeared to have been sent to wallet addresses linked to the three (3) competitor exchanges described earlier in this Report, individuals that appear to have entered into transactions with Mr. Cotten personally, an exchange platform allowing users to exchange one cryptocurrency for another and at least one wallet address controlled by Mr. Cotten personally. In addition, a number of transfers were sent to wallet addresses where the beneficial owner of the wallet is currently unknown.

96. The Monitor notes that the preliminary Prospectus used by Quadriga when initially seeking to go public in 2015 did reference the concept of a margin account which as described was to be used to facilitate trades when the Platform was in its initial phases. The activities outlined above differ from this concept in inter alia structure, trading on versus off Platform, and volume, however the Monitor notes that there was some initial reference to the concept of internal trading accounts in the Company's disclosure.

Transfer of Fiat from Quadriga

97. In addition to the transfer of Cryptocurrency out of Quadriga wallets, it appears that significant Fiat may have been transferred from TPP accounts for purposes other than funding User withdrawals. The Monitor has been unable to locate records in respect of fees or compensation paid to directors, officers or independent contractors and therefore has no ability to confirm the quantum of any compensation payable. The Monitor understands Mr. Cotten did not file personal tax returns for 2014, 2015 or 2017. Mr. Cotten did file personal tax returns in 2014 and 2016, however, no Quadriga income was claimed in these years.

98. In the course of its investigation, the Monitor identified significant transfers of Fiat from Quadriga to Mr. Cotten and his wife. The Monitor understands that in the last few years, Mr. Cotten and his wife, either personally or through corporations controlled by them acquired significant assets including real and personal property. The Monitor also understands that they frequently travelled to multiple vacation destinations often making use of private jet services. The Monitor has been advised that neither Mr. Cotten nor his wife had any material source of income other than funds received from Quadriga.

99. On April 11, 2019, this Court issued the Asset Preservation Order a copy of which is attached at **Appendix "C".** Pursuant to this Order, Ms. Robertson in her personal capacity and as the executor of Mr. Cotten's estate agreed to disclose all assets (the "**Preserved Assets**") belonging to her, Mr. Cotten and any entities related to either one of them (the "**Preserving Parties**"). In addition, the Preserving Parties agreed that they were restrained from selling or disposing of the Preserved Assets subject to the consent of the Monitor.

100. Ms. Robertson consented to the Asset Preservation Order and has been cooperating with the Monitor to identify, preserve and in certain instances liquidate the Preserved Assets, the net proceeds from which are being held in trust by counsel. The Trustee previously estimated the cumulative net realizable value of the Preserved Assets to be approximately $12.0 million. The composition of the identified Preserved Assets includes:

(a) Real properties (16) in Nova Scotia;

(b) Real property in British Columbia;

(c) Investment securities;

(d) Cash holdings;

(e) Personal sailing vessel;

(f) Personal aircraft;

(g) Luxury vehicles; and

(h) Gold and silver coins.

101. As Mr. Cotten's and Ms. Robertson's personal expenditures and the accumulation of their personal assets since 2015 was sourced from Quadriga funds, the Trustee intends to seek the recovery of the Preserved Assets subject to the Asset Preservation Order back to the Estate for immediate liquidation on the basis that the funds which Mr. Cotten directed be paid to them constitute preferences or transactions at under value under the BIA and may be subject to other causes of action asserted by the Trustee. If such actions are successful, the proceeds from such actions will be available for the Estates' creditors.

Quadriga Profitability Comments

102. As the Company appears to have failed to maintain traditional books and accounting records, and produced no accounting reports or financial statements since 2015, the Monitor is unable to estimate the profitability of Quadriga. However, the Monitor has analyzed the limited information available and notes certain information below.

103. The Platform did not track operating costs, however, it does appear to track fee revenues charged on individual transactions. The Monitor notes that given the lack of reporting capability, the Monitor is unable to assess the reasonableness of these numbers.

104. Attached below is a summary of the Quadriga fee revenues reported within the Platform for the period 2014 through 2019 adjusted to remove fees earned on transactions processed through the Identified Accounts. Fiat fees (CDN and USD) have been adjusted to Canadian equivalent dollars and the Cryptocurrency fees are reported in the currency earned.

	Currency	2014	2015	2016	2017	2018	2019	Total
Deposit Fees	**CDN**	$3,138	$46,500	$116,380	$5,677,680	$4,606,313	$29,822	**$10,479,833**
Withdrawal Fees	**CDN**	-	$6,713	$109,085	$1,537,760	$2,402,319	$5,323	**$4,061,200**
Trade Fees	**CDN**	$13,304	$130,807	$286,168	$9,546,762	$8,396,152	$89,620	**$18,462,813**
		$16,442	$184,020	$511,633	$16,762,202	$15,404,784	$124,765	**$33,003,846**

	Currency	2014	2015	2016	2017	2018	2019	Total
Trade Fees	**BTC**	37	338	344	870	429	12	**2,030**
	ETH			1,564	9,618	3,050	131	**14,363**
	LTC				6,640	4,393	119	**11,152**
	BCH				587	206	10	**803**
	BTG				156	469	48	**673**
	BSG					25	5	**30**

105. It appears that Quadriga generated modest revenues between 2014 and 2016. The popularity of Cryptocurrency and the commodity value appreciation served as a catalyst for Quadriga's rapid revenue growth and the fees earned in 2017 and 2018.

106. Although operating expenses appear not to have been tracked or accounted for the Monitor has been able to identify a series of obligations incurred or costs which the organization would likely have funded including:

(a) TPP fees ($11.8 million paid to two TPPs between 2017 and 2018); the quantum paid to other TPPs is unknown;

(b) Ethereum Classic splitter contract loss of 67,000 etherium (approximately $13 million at the time of the loss) associated with an Ethereum Classic splitter contract in 2017);

(c) Operating costs including legal fees, independent contractor fees, general operating costs including technology services and AWS server fees and corporate taxes (if applicable) although not filed;

(d) Amounts paid or transferred to Mr. Cotten or Ms. Robertson and related entities;

(e) Fees and trading losses associated with Cryptocurrency transferred to external Exchanges including Cryptocurrency transition sites; and

(f) Fees and trading losses associated with margin accounts.

107. It is possible that the above obligations or costs exceeded the fee revenue earned by Quadriga and resulted in a deficiency in Funds held on behalf of Users. In addition, the

freezing of Fiat through the CIBC Interpleader Motion described in the Initial Affidavit and First Report created additional liquidity issues, impacting Quadriga's ability to fund withdrawal requests from Users.

Next Steps in the Investigation

108. During the course of its review, the Monitor has attempted to identify other potential explanations for the potentially inappropriate use of Affected Users' Funds as set out above. The Monitor notes that in some circumstances, Funds transferred from TPP accounts or Quadriga wallets have been returned in part. However, the Monitor is unable to confirm the return of all of the transferred Funds.

109. The Trustee will continue to attempt to accumulate and review additional information as it is obtained to continue with the investigation commenced by the Monitor, and continue with its asset identification and recovery efforts, including seeking to examine various parties through the Trustee's examination rights under the BIA.

110. The Monitor cautions that given the nature of the blockchain and cryptocurrency industry including the privacy and confidentiality features that attract investors to the industry the nature of the information available and the traceability of reserves and assets will be challenging. However, the Trustee's efforts to seek to identify and recover available assets for ultimate distribution to the affected Users is ongoing as described herein.

111. Should the Trustee determine it necessary to pursue additional litigation or proceedings to pursue recovery, it will report further and seek authorization in accordance with the BIA.

THIRD PARTY PROCESSORS UPDATE

112. As discussed above, Quadriga used TPPs to receive, hold and disburse User Fiat on behalf of Quadriga. The Monitor has taken various steps in these CCAA proceedings to recover Fiat, account statements and other records from TPPs regarding funds processed on behalf of Quadriga through these accounts. Initial efforts in this regard are described in the Fourth Report of the Monitor dated April 1, 2019 (the "**Fourth Report**").

113. On April 11, 2019, the Court issued an Order (the "**TPP Order**") directing certain TPPs to deliver information and property of the Applicants with respect to funds processed by the TPPs. A copy of the TPP Order is attached as **Appendix "D".** The Court adjourned part of the motion with respect to relief sought by the Monitor against Costodian Inc. ("**Costodian**") and BillerFY Labs Inc. On April 18, 2019, the Court issued a subsequent Order (the "**Second TPP Order**" and together with the TPP Order, the "**TPP Orders**") directing Costodian, BillerFY Labs Inc., ePADregistry Inc., Armourga Financial Group Corp. and Interbank Smart Ledger Consortium Corp. (collectively, the "**Reyes Companies**") to deliver records regarding property that the Reyes Companies held to the Monitor, including account statements in respect of bank accounts that hold or held Quadriga Fiat. The Court also ordered the Reyes Companies and POSConnect Inc. ("**POSConnect**") to deliver any property of the Applicants in their possession to the Monitor. A copy of the Second TPP Order is attached as **Appendix "E".**

114. An update with respect to TPP recovery efforts since the Fourth Report follows.

Vopay International Inc.

115. In accordance with the TPP Order, Vopay International Inc. ("**Vopay**") transferred $116,262.17 to the Monitor representing the only remaining property of the Applicants that Vopay claimed to be holding.

1009926 B.C. Ltd.

116. 1009926 B.C. Ltd. ("**B.C. Ltd.**") is a company controlled by a Quadriga contractor, which acted as a TPP on behalf of the Applicants. Prior to the CCAA proceedings, B.C. Ltd. received and attempted to assign and deliver approximately 1,004 bank drafts (the "**Bulk Drafts**") which it held on behalf of Quadriga. The Bulk Drafts were not deposited prior to the Filing Date, however as previously reported, additional steps were taken in consultation with B.C. Ltd and the Royal Bank of Canada, which permitted the Monitor to deposit the Bulk Drafts, though there were certain exceptions including several Bulk Drafts that were stale-dated and subject to recourse. The Monitor is currently reviewing the rejected Bulk Drafts to determine next steps regarding these drafts and the implications on any User claims.

117. Following the issuance of the TPP Order, B.C. Ltd. also delivered various bank statements to the Trustee relating to accounts used to process funds on behalf of Quadriga. Information provided indicates throughout the course of its relationship with Quadriga, B.C. Ltd. opened accounts with 14 different financial institutions to receive and disburse funds on behalf of Quadriga. The Trustee is reviewing the statements to determine if there is any relevant information to its investigation in the statements.

118. In addition to the statements and the Bulk Drafts, B.C. Ltd. delivered additional funds totaling $473,458.19 (the "**Additional Funds**") that remained in its possession including additional bank drafts in respect of deposits made by Affected Users or residual funds on hand within certain of the 14 accounts noted above. Similar to the Bulk Drafts, some of the additional bank drafts delivered by B.C. Ltd. were stale dated and may be subject to recourse. The Additional Funds have been deposited within the 0984750 B.C. Ltd. bankruptcy account and accordingly are not reflected within Appendix "B".

WB21/Black BanX

119. As described in the Fourth Report, Quadriga maintained a Canadian and U.S. dollar account with an organization doing business as WB21 (n/k/a Black BanX) ("**WB21/Black BanX**"). As of the Filing Date, the Applicants believed WB21/Black BanX was holding approximately $8,991,911.77 and US$2,360,755.53 on behalf of Quadriga. WB21/Black BanX (Singapore) claimed it was holding only $11.77 and US$5.53 on behalf of Quadriga and that WB21/Black BanX (Canada) was not involved with Quadriga. WB21/Black BanX has refused to provide any supporting documentation to the Monitor or Trustee, including account statements, accounting records, or agreements between Quadriga and WB21/Black Bank to substantiate its claim.

120. Pursuant to the terms of the TPP Order, Black Banx Inc., the Canadian affiliate of WB21/Black BanX, and WB21 Pte. Ltd., the Singapore affiliate of the organization, were ordered to deliver various documents to the Monitor regarding property which the companies held or previously held on behalf of Quadriga. The Court also ordered that WB21/Black BanX deliver any remaining property of the Applicants that they were

holding (including property they admitted to hold) to the Monitor. Notwithstanding the terms of the TPP Order and the Trustee's demands for delivery of the property and information set out in the TPP Order WB21/Black BanX has not responded.

121. Through the course of its investigation, the Monitor has also become aware that User Fiat was deposited with additional companies affiliated with WB21/Black BanX, including WB21 GmBH (Germany), WB21 LLC (Georgia), and WB21 Ltd. (Germany). WB21/Black BanX and its affiliates held bank accounts at various institutions in Europe which received Fiat directly from Users. The Trustee is considering possible steps that could be taken against WB21/Black BanX and may take further action if determined to be viable and beneficial to the Quadriga estate.

Alto Bureau de Change

122. As set out in the Fourth Report, the Monitor believed that 9133-8079 Quebec Inc. (d/b/a Alto Bureau de Change) ("**Alto**") was holding $20,876.78 - $36,212.97 of Quadriga funds in relation to a series of transactions completed late in 2018. Pursuant to the terms of the TPP Order, Alto was directed to deliver any Quadria property in its possession to the Monitor within 10 days of the TPP Order. The Monitor has demanded the return of such property from Alto. In response, Alto has made various allegations regarding the historical conduct of Quadriga and denies that it is holding any Quadriga property. The Trustee will review potential next steps against Alto with the Estate Inspectors within the bankruptcy process.

Reyes Companies

123. Each of the Reyes Companies acted as TPPs on behalf of Quadriga. Pursuant to the terms of the Second TPP Order, the Reyes Companies were directed to deliver certain information and documentation to the Monitor along with any property of Quadriga remaining in their possession within 10 days of the Second TPP Order.

124. Annual transaction ledgers of the receipts and disbursements made through the Reyes Companies bank accounts between 2017 and 2019 have been produced. However, the Reyes Companies did not deliver bank statements supporting the ledger entries as required by the Second TPP Order. It appears Quadriga Fiat was not segregated as required and was co-mingled with funds of other customers of the Reyes Companies. The Trustee will continue to work to obtain the isolated banking information with respect to the Quadriga Fiat from the Reyes Companies.

125. Information produced indicates the Reyes Companies received and disbursed approximately $262 million on behalf of Quadriga through the course of the parties' three-year relationship and that the Reyes Companies were holding residual funds totalling $462,502.11. The Reyes Companies have agreed to return the residual funds to the Trustee.

126. In addition to the residual funds discovered by the Trustee, the Reyes Companies appear to have deducted fees totalling $398,350.41 to release the bank drafts to the Monitor associated with the CIBC litigation and also deducted the personal funds that the Monitor repaid to Mr. Reyes. There remains a dispute between Mr. Reyes and the Trustee as to whether the fee amounts have been returned to the Trustee as part of the previous transfers.

The Trustee and counsel are pursuing this issue with counsel for the Reyes Companies to resolve the dispute.

127. The Trustee may return to Court in the Bankruptcy Proceedings to seek relief against the Reyes Companies if the issues cannot be resolved consensually.

POSConnect

128. POSConnect was ordered to provide the Monitor with access to Quadriga's online account with POSConnect to obtain documents and accounting records and also ordered to deliver the remaining property of Quadriga held by POSConnect to the Monitor. The Monitor has obtained access to Quadriga's online account. The account provides statements of receipts and disbursements made by POSConnect on behalf of Quadriga but contains limited details regarding individual transactions, including identities of persons depositing and receiving funds into the account. The statements within the account show that POSConnect received approximately $480 million on behalf of Quadriga during their two-year relationship and disbursed approximately the same amount, less fees of approximately $4.2 million.

129. The balance remaining in Quadriga's account with POSConnect was $281,338.12 as at the date the Monitor obtained access to the account. These funds were returned to the Monitor less amounts which POSConnect deducted for fees and expenses totalling approximately $28,000 less a small reserve for future fees. POSConnect claims that both amounts are payable under the Custody of Funds and Payment Services Agreement between Quadriga and POSConnect dated May 2, 2017. The Trustee is reviewing the agreement to determine whether it is entitled to such fees and whether such fees are reasonable in the circumstances.

All of which is respectfully submitted this 19th day of June 2019.

ERNST & YOUNG INC.
In its capacity as the Court-appointed Monitor
in the matter of the proposed compromise and
arrangement of Quadriga Fintech Solutions Corp.,
Whiteside Capital Corporation and 0984750 B.C. Ltd.

George Kinsman CPA, CA, CIRP, LIT
Senior Vice President

APPENDIX “B”

2019

SUPREME COURT
OF NOVA SCOTIA
APR 1 1 2019
HALIFAX, N.S.

Hfx No. 484742

IN THE SUPREME COURT OF NOVA SCOTIA

IN THE MATTER OF:

Application by Quadriga Fintech Solutions Corp., Whiteside Capital Corporation and 0984750 B.C. Ltd. d/b/a Quadriga CX and Quadriga Coin Exchange (collectively referred to as the "**Companies**" and the "**Applicants**"), for relief under the *Companies' Creditors Arrangement Act*

ORDER
(Asset Preservation Order)

BEFORE THE HONOURABLE JUSTICE MICHAEL J. WOOD

UPON MOTION, in the proceedings of Quadriga Fintech Solutions Corp., Whiteside Capital Corporation, and 0984750 B.C. Ltd. dba Quadriga CX and Quadriga Coin Exchange (collectively, the "**Applicants**"), under the *Companies' Creditors Arrangement Act* (the "**CCAA Proceedings**"), by Ernst & Young Inc. ("**EY**"), in its capacity as Court-appointed Monitor and/or trustee-in-bankruptcy of the Applicants in respect of any proceedings under the *Bankruptcy and Insolvency Act* (Canada) (the "**Monitor**");

UPON READING the Fourth Report of the Monitor dated April 1, 2019 and on being advised by counsel that the Preserving Parties have consented to the terms hereof;

AND UPON HEARING counsel to the Preserving Parties (as herein defined), counsel for the Monitor, Representative Counsel of the Affected Users ("**Representative Counsel**"), counsel to Jennifer Robertson and such other individuals who appeared and were heard on the Motion;

IT IS HEREBY ORDERED AND DECLARED THAT:

Preservation Order

1. Except as specifically authorized by this Order, pending further Order of this Court, Jennifer Robertson as executor of the estate of Gerald Cotten (the "**Estate**"), Jennifer Robertson ("**Robertson**"), Robertson Nova Consulting Inc. ("**RNC**"), Robertson Nova Property Management Inc. ("**RNPM**"), 2379164 Ontario Inc. ("**237 Inc.**"), Megacorp Incorporated ("**Megacorp**") and Jennifer Robertson as Trustee of The Seaglass Trust ("**Seaglass**" and together with the Estate, Robertson, RNC, RNPM, 237 Inc. and Megacorp., the "**Preserving Parties**") and their respective servants, employees, agents, assigns, officers, directors, trustees, and anyone else acting on their behalf or in

conjunction with any of them, and any and all persons with notice of this injunction, are restrained from directly or indirectly, by any means whatsoever:

(a) selling, removing, dissipating, alienating, transferring, assigning, encumbering, or similarly dealing with any assets or property of the Preserving Parties, wherever situate;

(b) instructing, requesting, counselling, demanding, or encouraging any other person to do so; and

(c) facilitating, assisting in, aiding, abetting, or participating in any acts the effect of which is to do so.

2. Paragraph 1 applies to all of the Preserving Parties' assets whether or not they are in the names of the respective parties and whether they are solely or jointly or beneficially owned, including, without limitation, assets of the Estate (the "**Estate Assets**"), assets of RNC, assets of RNPM (collectively, "**Corporate Assets**") and assets of Jennifer Robertson personally and/or held through Seaglass (the "**Personal Assets**" and together with the Estate Assets and Corporate Assets, the "**Preserved Assets**"). For the purpose of this Order, the Preserving Parties' assets include any asset which any of the Preserving Parties has the power, directly or indirectly, to dispose of or deal with as if it were their own. The Preserving Parties are to be regarded as having such power if a third party holds or controls the assets in accordance with these parties' direct or indirect instructions.

3. Three trust accounts are to be established and maintained by Stewart McKelvey for each of the Estate Assets, Corporate Assets and Personal Assets (collectively the "**Preservation Accounts**") for the exclusive purposes of collecting and preserving: (a) surplus funds from current Estate Assets, Personal Assets and Corporate Assets, as determined by consultation between the Monitor and the Preserving Parties or as determined by further Order of the Court; (b) proceeds arising from any dispositions of assets of the Preserving Parties with the Monitor's consent in accordance with this Order; and (c) excess working capital assets, if any, of RNPM at year end. For greater certainty the Preservation Accounts shall not form part of the Applicants' Property pending further Order of the Court, if necessary.

4. Stewart McKelvey may distribute funds from the Preservation Accounts in accordance with the terms of this Order, with the consent of the Monitor or further Order of this Court.

5. The Preserving Parties may deal with, sell, alienate, transfer, assign, encumber, or otherwise monetize Estate Assets, Corporate Assets or Personal Assets only with the consent of the Monitor, or further Court Order, provided that any net proceeds arising from such disposition of assets by the Preserving Parties shall be deposited into the respective Preservation Accounts.

6. The Monitor and Preserving Parties are authorized to identify and monetize any assets which may depreciate in value if not monetized during the term of this Order. The

Preserving Parties shall have no liability if assets of a depreciating or volatile nature decline in value while the subject of this Order.

7. This Order shall be without prejudice to each of the Applicants and Preserving Parties' respective rights, entitlements, claims and defences in respect of ownership or entitlement to the Preserved Assets.

Ordinary Living Expenses and Legal Expenses and Property Preservation Expenses

8. Robertson shall continue to receive her drawings from RNPM in accordance with current levels, for the purposes of satisfying ordinary living expenses. In addition, Robertson shall be entitled to access cash from the Personal Assets for purposes of satisfying property preservation and maintenance costs of the Personal Assets, in an amount to be agreed upon in consultation with the Monitor and satisfied through disbursement from the Preservation Account for Personal Assets established in accordance with paragraph 3 of this Order.

9. Reasonable costs of legal advice and representation of the Preserving Parties shall be paid from the respective Preservation Accounts.

10. Robertson shall be entitled to direct RNPM to utilize its cash or further income from the Corporate Assets for the purposes of satisfying reasonable corporate expenses of RNPM including in respect of property preservation and maintenance expenses, and reasonable general operating costs of RNPM ("**Property Preservation Expenses**") in accordance with past practices. RNPM will continue to be managed in the normal course of business, including the incurring and payment of Property Preservation Expenses and reasonable salary/payments as determined in consultation with the Monitor or further Order of the Court, but no special distributions by way of dividends, bonus or extraordinary salary shall be paid to Robertson or any other party. RNPM shall not be entitled to encumber any of its property without the prior written consent of the Monitor. For greater certainty, any net rental or investment income earned by RNPM shall remain in the corporate bank accounts of RNPM and be used to satisfy Property Preservation Expenses, subject to the terms of this Order.

11. Where additional funds are required by the Preserving Parties above the amounts contemplated in paragraphs 8 - 10 of this Order, the Preserving Parties or any of them may seek the written consent of the Monitor and/or apply for an Order of the Court, on at least seventy-two (72) hours notice to the Monitor seeking authorization to receive additional amounts of the Preserved Assets from the applicable Preservation Account that the Preserving Party may be entitled to receive in respect of costs to be incurred by the applicable Preserving Party.

Disclosure of Information

12. To the extent not provided to the Monitor prior to the date of this Order, Robertson shall prepare and provide to the Monitor, within ten (10) days of the date of this Order: (a) a sworn statement describing the nature, value, and location of the assets worldwide of the Preserving Parties, including cash on hand balances wherever situated, whether in their

respective names or not and whether solely or jointly or beneficially owned; (b) answers to any outstanding questions from the Monitor's letters to RNC, Robertson and the Estate dated February 22, 2019 and February 25, 2019; and (c) copies of Robertson's personal income tax return, and the income tax return for each of RNC, RNPM, and Seaglass, for the past three (3) years.

Third Parties

13. Royal Bank of Canada, TD Bank Group, The Bank of Nova Scotia ("**BNS**"), BMO Financial Group, Canadian Imperial Bank of Commerce, Canadian Tire Bank, Canadian Western Bank, East Coast Credit Union, Questrade Financial Group Inc. and Manulife Financial Corporation (collectively, the "**Banks**") to forthwith freeze and prevent any removal or transfer of monies or assets of the Preserving Parties held in any account or on credit on behalf of the Preserving Parties with the Banks, except as outlined pursuant to the terms of this Order, in particular transfers to the Preservation Accounts contemplated by paragraph 3 of this Order and disbursements made from the accounts in paragraph 14 of this Order, or with a written direction from the Monitor and the applicable Preserving Party, or further Order of the Court.

14. One (1) personal bank account and one (1) corporate bank account with BNS shall be maintained as primary bank accounts for Jennifer Robertson and RNPM, respectively, for purpose of ongoing disbursements for ongoing living expenses for Jennifer Robertson and Property Preservation Expenses as contemplated in this Order. For greater certainty, the Monitor shall have access to account statements and information in respect of such accounts on an ongoing basis for reporting purposes, and BNS shall provide such information and documentation to the Monitor in accordance with paragraph 15 of this Order.

15. The Preserving Parties consent to all Banks holding assets of the Preserving Parties or which formerly held assets of the Preserving Parties, in any account or on credit on behalf of the Preserving Parties to disclosure and delivery to the Monitor by the Banks of any and all records and statements held by the Banks concerning the Preserving Parties' assets and accounts, including the existence, nature, value and location of any monies or assets or credit, wherever situate, including all records and statements held by the Banks concerning any assets and accounts of the Preserving Parties formerly held by the Banks, and the Banks shall forthwith provide such information and documentation to the Monitor.

Cryptocurrency

16. All cryptocurrency exchanges, including the cryptocurrency exchanges doing business as Binance, Bitfinex, Bitmex, Bitstamp, Coinbase, Digifinex, EzBtc.ca, Huobi, Kraken, Localbitcoins.com, Poloniex, OKCoins, OkEx and Shapeshift, (the "**Exchanges**") to forthwith freeze and prevent any removal or transfer of currency or assets of the Preserving Parties held in any account or on credit on behalf of the Preserving Parties, with the Exchanges, except as outlined pursuant to the terms of this Order, or with a

written direction of the Monitor and the applicable Preserving Party, or further Order of the Court.

17. The Preserving Parties consent to all Exchanges holding assets of the Preserving Parties or which formerly held assets of the Exchanges, in any account or on credit on behalf of the Preserving Parties to disclosure and delivery to the Monitor by the Exchanges of any and all records and statements held by the Exchanges concerning the Preserving Parties' assets and accounts, including the existence, nature, value and location of any monies or assets or credit, wherever situate, including all records and statements held by the Exchanges concerning any assets and accounts of the Preserving Parties formerly held by the Exchanges, and the Exchanges shall forthwith provide such information and documentation to the Monitor.

18. Any cryptocurrency accounts determined to be held in the name of any of the Preserving Parties on any Exchanges, shall be returned to the Monitor to form part of the Applicants' property. Any Exchanges holding cryptocurrency on behalf of any of the Preserving Parties shall be entitled to rely on the directions of the Monitor in respect of the transfer of such assets.

Sale of Assets

19. Where assets have been monetized in accordance with the terms of this Order and with the written approval of the Monitor and Representative Counsel, the Applicants' and Affected Users release all claims as against title to the assets sold to a bonafide third party purchaser (the "**Purchased Assets**"). For the purposes of determining the nature and priority of any claims as against any Purchased Assets, the net proceeds from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets, with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold.

Variation, Discharge or Extension of Order

20. Anyone served with or notified of this Order may apply to the Court at any time to vary or discharge this Order on notice to the Monitor and the Preserving Parties in accordance with the applicable rule under the Nova Scotia Civil Procedure Rules.

General

21. The aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction outside Nova Scotia is requested to give effect to this Order and to assist the Monitor, the Preserving Parties and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Monitor, as an officer of this Court, and the Preserving Parties and their respective agents as may be necessary or desirable to give effect to this Order, or to assist the Monitor, Preserving Parties and their respective agents in carrying out the terms of this Order.

Issued at Halifax, Province of Nova Scotia, this 11th day of April, 2019.

AMANDA HAWBOLDT
Deputy Prothonotary

CONSENTED TO:

Richard Niedermayer, on behalf of each of the Preserving Parties
Stewart McKelvey
Purdy's Wharf Tower One
1959 Upper Water Street
Suite 900
Halifax, NS B3J 3N2

Direct: 902-420-3339
Email: rniedermayer@stewartmckelvey.com

Counsel to Jennifer Robertson, in her personal capacity, as Executor of the Estate of Gerald Cotten, and as Trustee of The Seaglass Trust, Robertson Nova Consulting Inc., Robertson Nova Property Management Inc., 2379164 Ontario Inc., and Megacorp Incorporated

APPENDIX “C”

SETTLEMENT AGREEMENT

BETWEEN:

Ernst & Young Inc., in its capacity as trustee-in-bankruptcy of Quadriga Fintech Solutions Corp., Whiteside Capital Corporation and 0984750 B.C. Ltd., and not in its personal capacity (the "**Trustee**")

- and -

Jennifer Kathleen Margaret Robertson ("**Robertson**")

- and -

Robertson, in her capacity as the executor of the estate of Gerald Cotten (the "**Estate**")

- and -

Thomas Beazley ("**Beazley**")

- and -

The other entities party hereto

DATED AS OF OCTOBER 3, 2019

RECITALS:

(a) **WHEREAS** capitalized terms have the meanings set out herein;

(b) **AND WHEREAS** prior to his death, Cotten was the Chief Executive Officer and sole director of each of Fintech, Whiteside and Quadriga;

(c) **AND WHEREAS** Robertson was married to Cotten and is the executor of the Estate and primary beneficiary of the Estate. Beazley is the step-father of Robertson;

(d) **AND WHEREAS** the Companies filed for protection under the *Companies' Creditors Arrangement Act* and the Trustee was first appointed as monitor of the Companies by order of the NS Court. Subsequently, the Companies were assigned into bankruptcy and the Trustee was appointed as trustee-in-bankruptcy of each of the Companies;

(e) **AND WHEREAS** the NS Court granted the Representative Counsel Order appointing Representative Counsel and the Official Committee;

(f) **AND WHEREAS** the Trustee, in its role as monitor of the Companies, investigated the Companies' business and affairs pursuant to s. 23(1)(c) of the *Companies' Creditors Arrangement Act* which was reported upon in reports to the NS Court, including the Third and Fifth Reports;

(g) **AND WHEREAS** Cotten, Robertson, the Controlled Entities and in certain instances, Beazley, received funds and other property from Quadriga during Cotten's tenure as Chief Executive Officer which the Trustee believes from its investigation are "transfers at undervalue" under the BIA as supported by the Approval Order Affidavit and the Third and Fifth Reports;

(h) **AND WHEREAS** the Trustee believes claims exist as against Robertson, the Estate, the Controlled Entities and Beazley under the BIA or otherwise to recover the funds and other property received from the Companies and other amounts;

(i) **AND WHEREAS** in order to recover funds on behalf of the Companies and Affected Users and avoid the time and expense of litigating such claims, the Parties have engaged in extensive arm's length negotiations and agreed to settle the claims of the Trustee and the Affected Users on the terms and conditions set forth in this Settlement Agreement;

(j) **AND WHEREAS** the Trustee, pursuant to s. 30(1) of the BIA, may compromise and settle any debts owing to the Companies or claims of the Companies, with approval of the Inspectors of the Companies' estates; and

(k) **AND WHEREAS** the Official Committee pursuant to paragraph 10 of the Representative Counsel Order, may reach any settlement agreements and compromise any rights, entitlements or claims of the Affected Users, subject to approval of the Bankruptcy Court.

IN CONSIDERATION of the premises, covenants, agreements, settlements and releases contained herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by each Party hereto, the Parties agree as follows:

SECTION 1
INTERPRETATION

1.1 Defined Terms

As used in this Settlement Agreement, the following terms have the following meanings:

"**237 Inc.**" means 2379164 Ontario Inc., a company incorporated under the laws of Ontario.

"**Affected Users**" means all users of the Quadriga cryptocurrency exchange platform except for Opt-Out Individuals.

"**Approval Order**" means an order of the Bankruptcy Court, in form substantially the same as the form attached as Schedule "A" to this Settlement Agreement, that (a) approves this Settlement Agreement; (b) declares certain transfers of property to Robertson, the Estate, Beazley and the Controlled Entities to be "transfers at undervalue" under the BIA and that such transfers are set aside as against the Trustee; (c) declares the Settlement Assets to be property of the Trustee; (d) approves the releases provided by the Trustee and the Affected Users as set forth this Settlement Agreement; (e) vacates the freezing provisions of the Asset Preservation Order; and (f) extends the disclosure obligations in the Asset Preservation Order.

"**Approval Order Affidavit**" means the form of affidavit attached as Schedule "B" to this Settlement Agreement to be sworn by Robertson in connection with the motion seeking the Approval Order from the Bankruptcy Court.

"**Assets**" means any assets, property or undertaking (whether owned legally, beneficially, equitably, jointly or otherwise), whether situated in Canada or anywhere else in the world, known or unknown, vested or contingent, and includes money, cryptocurrency (including any digital wallets or private keys), digital assets, virtual assets, goods, things in action, real and immoveable property, tangible or intangible personal property, securities or other investment property, entitlements, benefits, any interest in any insurance policy, payments due, claims, refunds and inheritances.

"**Asset Preservation Order**" means the order of the NS Court dated April 11, 2019.

"**Bankruptcy Court**" means the Ontario Superior Court of Justice (Commercial List).

"**Beazley**" has the meaning given to such term in the preamble to this Settlement Agreement.

"**Beazley Financial Statement**" has the meaning given to such term in 3.1(2) of this Settlement Agreement.

"**Beazley Settlement Assets**" has the meaning given to such term in 2.4 of this Settlement Agreement.

"**BIA**" means the *Bankruptcy and Insolvency Act* (Canada).

"**Calgary Loan**" means the $385,000 loan made by RNPM pursuant to a promissory note charging lands dated April 19, 2018 and profit-sharing agreement dated April 27, 2018 and secured by a charge registered on August 20, 2019 as instrument number 191 166 835 on the property located at 74 Somerglen Close (Calgary, Alberta).

"**Claims**" means all claims, demands, actions, suits, causes of action, whether class, individual or otherwise in nature, whether personal derivative or subrogated, damages whenever incurred, liabilities of any nature whatsoever, including interest, costs, expenses, known or unknown, suspected or unsuspected, in law, under statute or in equity, in any Canadian or foreign jurisdiction.

"**Companies**" means collectively, Fintech, Whiteside and Quadriga.

"**Controlled Entities**" means any Entity wholly or beneficially owned or controlled whether directly or indirectly by (a) Robertson, (b) the Estate; or (c) collectively between Robertson and the Estate, including 237 Inc., Megacorp., RNC, RNPM or Seaglass.

"Controlled Entities Settlement Assets" has the meaning given to such term in section 2.3 of this Settlement Agreement.

"**Cooperation Obligations**" means the cooperation obligations of Robertson and Beazley set forth in section 7 of this Settlement Agreement.

"**Cotten**" means Gerald William Cotten.

"**CX Solutions**" means CX Solutions Limited, a company incorporated under the laws of Hong Kong.

"**CX Solutions Assets**" has the meaning given to such term in section 2.5 of this Settlement Agreement.

"**Documents**" means all papers, computer or electronic records, or other materials within the scope of Rule 1.03(1) and Rule 30.01(1) of the *Rules of Civil Procedure* (Ontario) (including, for greater certainty, correspondence and email communication) and any copies, reproductions, or summaries of the foregoing, including microfilm copies and computer images.

"**Effective Date**" has the meaning given to such term in section 5.4 of this Settlement Agreement.

"**Entity**" means any partnership, limited partnership, limited liability company, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, trust, or other entity, however formed, designated or constituted.

"**Estate**" has the meaning given to such term in the recitals to this Settlement Agreement.

"**Estate Settlement Assets**" has the meaning given to such term in section 2.2 of this Settlement Agreement.

"**Excluded Assets**" means Assets to be retained by Robertson and the Estate under this Settlement Agreement following the Effective Date which are specifically set out on and limited to the Assets listed on Schedule "C" to this Settlement Agreement.

"**Family Financial Statements**" means collectively the Robertson Financial Statement and the Beazley Financial Statement.

"Fintech" means Quadriga Fintech Solutions Corp., a company incorporated under the laws of British Columbia.

"**Google Information**" means Documents, data and information created following January 1, 2013 contained in Cotten's Gmail account and all other accounts linked with such account, including any Google Drive, Google Docs, Google Photos, Google Authenticator, and Google Calendar account.

"**Governmental Authority**" means any domestic or foreign government (with respect to any such government's jurisdiction), whether federal, provincial, state, municipal or territorial, and any political subdivision, agency, Entity or person properly exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**Kinross Property**" means the property located at 71 Kinross Court, Fall River, Nova Scotia.

"**Megacorp**" means Megacorp Incorporated, a company incorporated under the laws of Ontario.

"**NS Court**" means the Supreme Court of Nova Scotia.

"**Official Committee**" means the Official Committee of Affected Users appointed by the NS Court pursuant to Representative Counsel Order.

"**Opt-Out Individuals**" means any user of the Quadriga cryptocurrency exchange that opted-out of representation by Representative Counsel in accordance with the Representative Counsel Order.

"**Parties**" means the parties that are signatories to this Settlement Agreement, and "**Party**" means one of them individually.

"**Quadriga**" means 0984750 B.C. Ltd., a company incorporated under the laws of British Columbia

"**Reimbursed Amounts**" has the meaning given to such term in section 4.3(2) of this Settlement Agreement.

"**Released Claims**" means Claims in any way related or connected to the receipt of the Settlement Assets and the Excluded Assets and/or involvement or conduct with respect to the Companies and/or Cotten.

"**Representative Counsel**" means Miller Thomson LLP and Cox Palmer in their capacity as representative counsel to the Affected Users.

"**Representative Counsel Order**" means the Order (Representative Counsel Appointment Order) of the NS Court dated February 28, 2019.

"**RNC**" means Robertson Nova Consulting Inc., a company incorporated under the laws of Ontario.

"**RNPM**" means Robertson Nova Property Management Inc., a company incorporated under the laws of Nova Scotia.

"**Robertson**" has the meaning given to such term in the preamble to this Settlement Agreement.

"**Robertson Financial Statement**" has the meaning given to such term in section 3.1(1) of this Settlement Agreement.

"**Robertson Settlement Assets**" has the meaning given to such term in 2.1 of this Settlement Agreement.

"**Seaglass**" means Jennifer Robertson as trustee of The Seaglass Trust.

"**Settlement Agreement**" means this settlement agreement.

"**Settlement Assets**" means collectively the Robertson Settlement Assets, Estate Settlement Assets, Controlled Entities Settlement Assets, Beazley Settlement Assets and the CX Solutions Assets (if any).

"**Sworn Asset Disclosure**" means the affidavit of Robertson sworn April 23, 2019 disclosing to the Trustee, her Assets, the Estate's Assets and Assets of certain of the Controlled Entities.

"**Tax**" or "**Taxes**" means taxes, duties, fees, premiums, assessments, imposts, levies and other charges of any kind whatsoever (including withholding on amounts paid to or by any Person) imposed by any Governmental Authority, including all interest, penalties, fines, additions to tax or other additional amounts imposed by any Governmental Authority in respect thereof, and including those levied on, or measured by, or referred to as, income, gross receipts, profits, capital, transfer, land transfer, sales, goods and services, harmonized sales, use, value-added, excise, withholding, customs duties and import and export taxes.

"**Tax Returns**" means any estimate, return, report, information statement or return, declaration, statement, election, notice, filing, form, or other document (including any appendix or related or supporting information) required to be supplied to or filed with any Governmental Authority with respect to Taxes, including any attached appendices or amendments thereto.

"**Third and Fifth Reports**" means the Third Report of the Monitor dated March 1, 2019 and the Fifth Report of the Monitor dated June 19, 2019 to the NS Court prepared by the Trustee in its role as monitor of the Companies.

"**Trustee**" has the meaning given to such term in the preamble to this Settlement Agreement.

"**Whiteside**" means Whiteside Capital Corporation, a company incorporated under the laws of British Columbia.

1.2 Headings

The headings used in this Settlement Agreement and its division into articles, sections, exhibits, appendices, and other subdivisions do not affect its interpretation.

1.3 Gender and Number

Unless the context otherwise requires, words importing the singular include the plural and vice versa and words importing gender include all genders.

1.4 Governing Law

This Settlement Agreement is governed by, and will be interpreted and construed in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein. The Parties consent to the jurisdiction and venue of the Bankruptcy Court for the resolution of any such disputes arising under this Settlement Agreement.

1.5 Invalidity of Provisions

The invalidity or unenforceability of any provision of this Settlement Agreement shall not affect the validity or enforceability of any other provision hereof and any such invalid or unenforceable provision shall be deemed to be severable and the remaining provisions will remain in full force and effect.

1.6 Entire Agreement

This Settlement Agreement, together with the schedules hereto and the agreements and other documents to be delivered pursuant hereto, constitute the entire agreement between the Parties hereto pertaining to the subject matter hereof and supersede all prior agreements, understandings, negotiations and discussions, whether written or oral, of the Parties hereto and there are no warranties, representations or other agreements between the Parties in connection with the subject matter hereof except as specifically set forth or referred to herein. No amendment, waiver or termination of this Settlement Agreement shall be binding unless executed in writing by the Party or Parties to be bound thereby. No waiver of any provision of this Settlement Agreement shall be deemed or shall constitute a waiver of any other provision nor shall any such waiver constitute a continuing waiver unless otherwise expressly provided.

1.7 Schedules

The following are the schedules attached to and forming part of this Settlement Agreement:

Schedule A Approval Order

Schedule B Approval Order Affidavit

Schedule C Excluded Assets

Schedule D Assignment and Acknowledgement Agreement

Schedule E Release of Claims against Estate Settlement Assets

1.8 Currency

Unless otherwise indicated, all dollar amounts referred to in this Settlement Agreement are in Canadian funds.

1.9 Certain Phrases, etc.

In this Settlement Agreement (i) the words “including”, “includes” and “include” mean “including (or includes or include) without limitation”, and (ii) the phrase “the aggregate of”, “the total of”, “the sum of”, or a phrase of similar meaning means “the aggregate (or total or sum), without duplication, of”.

SECTION 2
TRANSFER OF ASSETS

2.1 Transfer of Robertson Settlement Assets

Upon the Effective Date, Robertson shall assign and transfer to the Quadriga estate vested with the Trustee, all of Robertson’s right, title and interest in, to and under, or relating to, any Assets, including proceeds thereof, except for the Excluded Assets, including the following:

(a) **Cash.** Except to the extent an Excluded Asset, all cash and equivalents of Robertson;

(b) **Investments.** Except to the extent an Excluded Asset, all investments, stocks, bonds, warrants, options, exchange traded fund units and other similar investment units;

(c) **Vehicles.** Except to the extent an Excluded Asset, all boats, planes, and motor vehicles, including all trucks, vans and cars;

(d) **Loans.** Any loans made by Robertson or other rights to repayment of Robertson and any security associated with such loans;

(e) **Real Estate.** All real or immoveable property owned by the Robertson, or in which Robertson has a freehold interest, including the Kinross Property and the properties located at Lot 511 Ringling Court (Fall River, Nova Scotia), 34 Little Island Water Access (Lunenburg, Nova Scotia), Lot S-3 Seaview Drive (Western Shore, Nova Scotia) and 1021 Lamont Lane (Kelowna, British Columbia);

(f) **Personal Belongings**. Except to the extent an Excluded Asset as determined in accordance with section 2.7 and Schedule C of this Settlement Agreement, all personal property and belongings of Robertson, including household furnishings, jewellery and engagement ring; and

(g) **Section 163 Examination Assets.** Except to the extent an Excluded Asset, any Assets identified or disclosed pursuant to the examination to be conducted pursuant to section 3.2 of this Settlement Agreement

(collectively, the "**Robertson Settlement Assets**").

2.2 Transfer of Estate Settlement Assets

Upon the Effective Date, the Estate shall assign and transfer to the Quadriga estate vested with the Trustee, all of the Estate's rights, title and interest in, to and under, or relating to, any Assets, including proceeds thereof, except for the Excluded Assets, including the following:

(a) **Cash.** All cash and equivalents of the Estate;

(b) **Investments.** Except to the extent an Excluded Asset, all investments, stocks, bonds, warrants, options, exchange traded fund units and other similar investment units;

(c) **Vehicles.** All boats, planes, and motor vehicles, including all trucks, vans, cars, and the Cessna 400 airplane; and

(d) **Precious Metals**. Any wafers or coins made from precious metals or similar objects made from precious metals, including gold and silver coins and wafers;

(e) **Claims and Refunds**: Any Claims, refunds, causes of action, and rights of recovery of the Estate, including any refund with respect to probate Taxes previously paid by the Estate; and

(f) **Section 163 Examination Assets.** Except to the extent an Excluded Asset, any Assets identified or disclosed pursuant to the examination to be conducted pursuant to section 3.2 of this Settlement Agreement.

(collectively, the "**Estate Settlement Assets**")

2.3 Transfer of Controlled Entities Settlement Assets

Upon the Effective Date, the Controlled Entities shall assign and transfer to the Quadriga estate vested with the Trustee**,** their right, title and interest in, to and under, or relating to, any Assets, including proceeds thereof, including the following:

(a) **Cash.** All cash and equivalents of the Controlled Entities.

(b) **Investments.** All investments, stocks, bonds, warrants, options, exchange traded fund units and other similar investment units.

(c) **Real Estate.** All real or immoveable property owned by the Controlled Entities, or in which the Controlled Entities has a freehold interest, including the properties located at 10, 12, 14, 16, 18 McQuillan Lane (Bedford, Nova Scotia), 22, 24, 26, 28 McQuillan Lane (Bedford, Nova Scotia), 17 Melwood Ave. (Halifax, Nova Scotia), 19 Baha Court (Bedford, Nova Scotia), 61 Douglas

Crescent (Halifax, Nova Scotia), 63 Central Avenue (Halifax, Nova Scotia), 982 Barrington Street (Halifax, Nova Scotia), 2140 Harvard Street (Halifax, Nova Scotia), 3161 Micmac Street (Halifax, Nova Scotia), 3663 Deal Street (Halifax, Nova Scotia) and 5385/5387 Glebe Street (Halifax, Nova Scotia);

(d) **Loans.** Any loans made by or other rights to repayment of the Controlled Entities, including the Calgary Loan, and any security associated with such loans;

(e) **Vehicles.** All boats, planes, and motor vehicles, including all trucks, vans, cars, and the Cessna 400 airplane; and

(f) **Section 163 Examination Assets.** Except to the extent an Excluded Asset, any Assets identified or disclosed pursuant to the examination to be conducted pursuant to section 3.2 of this Settlement Agreement.

(collectively, the "**Controlled Entities Settlement Assets**").

2.4 Transfer of Beazley Settlement Assets

Upon the Effective Date, Beazley shall assign and transfer to the Quadriga estate vested with the Trustee, his right, title and interest in, to and under, or relating to, Assets (a) transferred to Beazley by the Companies and/or Cotten either directly or indirectly (including for, greater certainty, any Assets transferred by Robertson which originated from the Companies and/or Cotten); or (b) purchased using proceeds of Assets transferred to Beazley by the Companies and/or Cotten either directly or indirectly, including a 2017 Toyota Tacoma truck (collectively, the "**Beazley Settlement Assets**").

2.5 CX Solutions Assets

Robertson represents and warrants to the Trustee that she previously was unaware of the existence of CX Solutions and she is not aware of any Assets owned by CX Solutions (the "**CX Solutions Assets**"). To the extent any CX Solutions Assets exist, the Estate agrees to hold all of its rights, title and interest in, to and under, or relating to, the CX Solutions Assets in trust for the benefit of the Quadriga estate vested with the Trustee. If any CX Solutions Assets are discovered, Robertson and the Estate shall take all steps and actions required to assign and transfer the CX Solutions Assets to the Quadriga estate vested with the Trustee, including by executing such further documents and assurances, as may be deemed necessary or advisable from time to time, by passing necessary shareholder resolutions to permit the assignment and transfer of the CX Solutions Assets or if necessary, by appointing Robertson (or another person) as a director or officer of CX Solutions for the limited purpose of assigning and transferring the CX Solutions Assets.

2.6 Excluded Assets

Robertson and the Estate shall retain their right, title and interest in and to the Excluded Assets following the Effective Date.

2.7 Personal Furnishings

Following the Effective Date, the Trustee shall engage an appraiser of its choice, as determined in its sole discretion, who shall appraise the household furnishings of Robertson located in the Kinross Property. Within ten (10) business days of the appraisal, Robertson shall be entitled to select items with an aggregate appraised fair market value of $15,000 to be Excluded Assets under this Settlement Agreement. Copies of the appraisals shall be provided by the Trustee to Representative Counsel.

2.8 Fintech Shares

Following the Effective Date, if the Trustee determines it is necessary or beneficial with the administration of the Companies' estates, Robertson and the Estate shall transfer their shares of Fintech for no additional consideration to the Trustee or to an Entity or person designated by the Trustee and shall execute such further documents and assurances as may be deemed necessary or advisable from time to time in order effect such transfer of their Fintech shares.

2.8 Return of Assets Transferred at Undervalue

The Parties agree that the transfer of the Settlement Assets to the Trustee represents the return of Assets to the Trustee by Robertson, the Estate, Beazley and the Controlled Entities which all originated from the Companies and that the transfers shall be effected by the Approval Order by declaring prior transfers by the Companies to Cotten, Robertson, the Estate, the Controlled Entities and Beazley "transfers at undervalue" under the BIA and ordering that such transfers are void and set aside as against the Trustee pursuant to the BIA as supported by the Approval Order Affidavit and the Third and Fifth Reports. The Parties further agree that the Approval Order shall deem the Settlement Assets to be the property of the Trustee in accordance with the BIA.

SECTION 3
DISCLOSURE

3.1 Family Financial Statements

(1) Prior to the Effective Date, Robertson shall prepare and provide to the Trustee, a sworn statement describing (a) the nature, value, and location of the Assets of Robertson, the Estate and the Controlled Entities, including cash on hand balances; (b) the nature, value, and current location of any past Assets, storage boxes or containers that Robertson, the Estate and the Controlled Entities or any affiliates or related parties of each of them, solely or jointly or beneficially owned in the past five (5) years which were received from the Companies and/or Cotten, either directly or indirectly (including particulars of any transfers by Robertson and/or the Controlled Entities of such past Assets); and (c) the location and particulars of any known safes, safety deposit boxes, keys, cryptocurrency wallets, private keys in respect of cryptocurrency wallets, accounts, and similar locations for storing Assets of

Robertson, the Estate and the Controlled Entities (the "**Robertson Financial Statement**"). Robertson may provide the Robertson Financial Statement by amending, modifying and/or updating the Sworn Asset Disclosure.

(2) Prior to the Effective Date, Beazley shall prepare and provide to the Trustee, a sworn statement describing (a) the nature, value, and location of the Assets of Beazley that were (i) transferred to Beazley by the Companies and/or Cotten either directly or indirectly (including for, greater certainty, any Assets transferred by Robertson which originated from the Companies and/or Cotten); or (ii) purchased using proceeds of Assets transferred to Beazley by the Companies, Cotten and Robertson either directly or indirectly; and (b) the nature, value, and current location of any past Assets that Beazley or any related party, solely or jointly or beneficially owned in the past five (5) years which was received from the Companies, Cotten and/or Robertson either directly or indirectly (the "**Beazley Financial Statement**").

3.2 Section 163 Examination

Within sixty (60) days of the Effective Date or at another time mutually agreed to by the Parties, Robertson and Beazley shall submit to examination under oath by the Trustee pursuant to section 163 of the BIA. The examination shall be conducted before a private reporter and at a location mutually agreed to by the Parties in Nova Scotia. One lawyer on behalf of Representative Counsel shall be entitled to attend the examination of Robertson and/or Beazley. The Trustee waives any further right to examine Robertson and Beazley under the BIA, provided that the releases in favour of Robertson and Beazley are not rescinded and voided in accordance with this Settlement Agreement. The Trustee shall be entitled to use the Documents and information obtained under this Settlement Agreement, including on the examinations of Robertson and Beazley, in the connection with its own internal use and the prosecution of the Claims of the Trustee or the Companies.

SECTION 4
ADDITIONAL AGREEMENTS OF THE PARTIES

4.1 Unfreezing of Assets and Credit Cards

The Trustee shall consent to the unfreezing of the Excluded Assets on the Effective Date by seeking to vacate certain freezing provisions of the Asset Preservation Order as set out in the Approval Order. The Trustee shall also consent to the unfreezing of any credit cards of Robertson by writing to each credit card provider of Robertson advising such credit card provider of the Trustee's consent. The Trustee shall have no further obligation to assist Robertson with the unfreezing of her credit cards beyond writing one letter to each credit card provider, and the Trustee shall have no responsibility for any decision made by each credit card provider or other lender in any decision to provide Robertson with credit.

4.2 Legal Fees of Robertson

Following the Effective Date, the Trustee shall pay the reasonable legal fees and disbursements of Stewart McKelvey, and other counsel as approved by the Trustee (including, for greater certainty, Gluck Daniel LLP in connection with section 7.3 of this Settlement Agreement) for their representation of Robertson and/or the Estate (and, for greater certainty, only Robertson and/or the Estate) in connection with (a) the implementation of this Settlement Agreement; (b) actions required by or in connection with the Settlement Agreement; (c) her

role as executor of the Estate; and (d) the Cooperation Obligations. The Trustee shall not pay for the legal fees of Robertson in connection with any other items, including (x) personal advice related to Taxes; (y) personal advice related to any regulatory, criminal or other investigations; and (z) any dispute with the Trustee regarding this Settlement Agreement.

4.3 Tax Obligations

(1) Except as provided under section 4.3(2), the Trustee and the Companies' estates shall have no responsibility or obligation for any debts, claims, obligations or liabilities of Robertson, the Estate, the Controlled Entities or Beazley in respect of Taxes, including Taxes related to the Settlement Assets arising prior to the Effective Date, and any amounts or benefits received directly or indirectly by Cotten, Robertson, the Controlled Entities and/or Beazley historically from the Companies. Any such Tax debts, obligations or liabilities will remain the sole responsibility and obligation of the applicable Entity or person.

(2) The Companies' estates shall reimburse Robertson for the following liabilities in the event and to the extent (i) that Robertson is found by a court by way of final order to be personally liable for such amounts; (ii) such amounts are determined by a court by way of final order to rank in priority to the Trustee's claim against the relevant Entity and/or the Settlement Assets following the implementation of the transfer of the Settlement Assets to the Trustee; and (iii) the amounts are due and payable prior to the earlier of (x) the discharge of the Trustee and termination of the BIA proceedings in respect of the Companies; and (y) December 31, 2020:

(a) 2019 income taxes owing by RNPM, if any for net rental income earned to a maximum amount of $7,500; and

(b) 2019 and prior years income taxes of the Estate, if any, in respect of investment income earned by Cotten within the investment accounts of Cotten or the Estate set out in the Sworn Asset Disclosure owing by the Estate to a maximum amount of $200,606.

(collectively, the "**Reimbursed Amounts**")

(3) Upon becoming aware of any potential Reimbursed Amounts under this Settlement Agreement, Robertson shall promptly notify the Trustee in writing of the potential Reimbursed Amounts. Notice of Reimbursed Amounts provided by Robertson shall also constitute demand for payment and/or reimbursement pursuant to this Agreement. In connection with any Claim that may result in a Reimbursed Amount brought by a third party, Robertson shall at the Trustee's cost and expense defend against such Claim and any related action, proceedings or settlement negotiations, in consultation with the Trustee. The Trustee shall, at the Trustee's expense, be entitled to take any reasonable action and steps in connection with such defence, proceedings or negotiations which the Trustee deems necessary.

(4) The agreement to reimburse Robertson for the Reimbursed Amounts set out in section 4.3(2) of this Settlement Agreement shall terminate without further obligation and liability of the Companies' estates on the earlier of (x) the discharge of the Trustee and termination of the BIA proceedings in respect of the Companies; and (y) December 31, 2020.

4.4 Kinross Property

Robertson shall vacate the Kinross Property and remove all Excluded Assets from the Kinross Property by no later than October 31, 2019. To the extent personal belongings of Robertson in the Kinross Property are determined to be Excluded Assets in accordance with section 2.7 and Schedule C of this Settlement Agreement following October 31, 2019, such Excluded Assets shall be removed by Robertson from the Kinross Property at Robertson's expense under the supervision of the Trustee as soon as reasonably practicable following the determination.

4.5 Condition of the Settlement Assets

Until the Effective Date, Robertson, the Estate, the Controlled Entities and Beazley shall use commercially reasonable efforts to preserve and maintain the Settlement Assets in good working condition and avoid damage to the Settlement Assets. The Trustee acknowledges that ordinary wear and tear of the Settlement Assets is to be excepted.

SECTION 5
CONDITIONS

5.1 Approval Order

(1) The Trustee shall, as soon as practicable after the execution of this Settlement Agreement, file a motion with the Bankruptcy Court seeking the Approval Order, in the form attached as Schedule "A" to this Settlement Agreement, from the Bankruptcy Court returnable on a date mutually agreed to by counsel for the Trustee, Representative Counsel and counsel for Robertson.

(2) Robertson shall swear the Approval Order Affidavit and file the sworn Approval Order Affidavit with the Bankruptcy Court at least seven (7) business days prior to the return date of the motion to obtain the Approval Order. Robertson, the Estate, the Controlled Entities and Beazley shall consent to the issuance of the Approval Order and cooperate with the Trustee in obtaining the Approval Order, including by filing and executing further documents for the Bankruptcy Court as may be necessary to obtain the Approval Order.

(3) In the event of any conflict between the provisions of this Settlement Agreement and the provisions of the Approval Order, the Parties agree that the provisions of the Approval Order shall govern.

5.2 Conditions for the Benefit of the Settling Parties

This Settlement Agreement and occurrence of the Effective Date is subject to approval by the Bankruptcy Court of the releases in favour of Robertson, the Estate, the Controlled Entities and Beazley of the Released Claims provided by the Trustee and the Official

Committee under this Settlement Agreement, which condition is for the exclusive benefit of Robertson, and may be waived by Robertson in her sole discretion.

5.3 Conditions for the Benefit of the Trustee and Companies

This Settlement Agreement and occurrence of the Effective Date is subject to the following conditions, which conditions are for the exclusive benefit of the Trustee and Companies, and may be waived, in whole or in part, by the Trustee (in consultation with Representative Counsel) in its sole discretion:

(a) **Approval Order.** The Bankruptcy Court shall have issued and entered the Approval Order with such amendments and/or modifications that are acceptable to the Trustee and Representative Counsel;

(b) **Calgary Loan.** The Trustee shall have received an assignment and acknowledgement of debt executed by Robertson, RNPM, and the borrowers under the Calgary Loan in the form attached as Schedule "D" to this Settlement Agreement;

(c) **Inspector Approval.** This Settlement Agreement shall be ratified and approved by the inspectors of the Companies' estates;

(d) **Family Financial Statements.** Robertson and Beazley shall have delivered the Family Financial Statements to the Trustee and the Trustee shall be satisfied with the form and substance of such Family Financial Statements; and

(e) **Release of other Estate Claims.** Beazley and Carol Terry shall have delivered to the Trustee a release of any and all rights and claims to the Estate Settlement Assets, in the form attached as Schedule "E" to this Settlement Agreement.

5.4 Effective Date

This Settlement Agreement shall become effective and binding on the Parties on the date on which all of the conditions to this Settlement Agreement have been satisfied and/or waived (the "**Effective Date**"). The Trustee shall deliver to each Party and file with the Bankruptcy Court, a certificate, in a form satisfactory to the Trustee, confirming that (a) all of the conditions to the Settlement Agreement have been satisfied or waived, and (b) the Effective Date has occurred.

SECTION 6
RELEASE

6.1 Trustee Release in favour of Settling Parties

Upon the Effective Date and subject to section 6.4 of this Settlement Agreement, in consideration for the transfer of the Settlement Assets, and for other valuable consideration set forth in this Settlement Agreement, the Trustee hereby releases and forever discharges Robertson, the Estate, the Controlled Entities and Beazley of and from any and all Released Claims.

6.2 Affected Users Release in favour of Settling Parties

Upon the Effective Date and subject to section 6.4 of the Settlement Agreement, in consideration for the transfer of the Settlement Assets, and for other valuable consideration set forth in this Settlement Agreement, the Official Committee hereby releases and forever discharges Robertson, the Estate, the Controlled Entities and Beazley of and from any and all Released Claims of the Affected Users.

6.3 Release of the Companies and Trustee

Upon the Effective Date, Robertson, the Estate, the Controlled Entities and Beazley hereby release and forever discharge (a) the Companies and Trustee of and from any and all Claims in any way related or connected to the Settlement Assets, the amounts owing for loans made by any one of them to the Companies including the loan made by Robertson to the Companies secured by the general security agreement dated January 29, 2019, Cotten's employment with the Companies, and any indemnity obligations of the Companies except as contained in this Settlement Agreement, and (b) all rights and Claims to the Settlement Assets, including any title or possessory Claims to the Settlement Assets. Robertson, the Estate, the Controlled Entities and Beazley shall not be entitled to file a proof of claim in the BIA proceedings against estates of the Companies in respect of any Claim that Robertson, the Estate, the Controlled Entities and Beazley may have against the Companies.

6.4 Conditional Release in favour of the Settling Parties

(1) The releases of the Released Claims provided by the Trustee and the Official Committee in favour of Robertson, the Estate, the Controlled Entities and Beazley as set out in sections 6.1 and 6.2 of this Settlement Agreement shall be rescinded for all purposes and null and void *ab initio* if it is determined by the Bankruptcy Court on a motion brought by the Trustee on notice to Representative Counsel, Robertson, the Estate, the Controlled Entities and Beazley that:

(a) Robertson wilfully failed to disclose Assets of Robertson, the Estate or the Controlled Entities as part of the Family Financial Statements;

(b) Beazley wilfully failed to disclose Assets (a) transferred to Beazley by the Companies and/or Cotten either directly or indirectly (including for, greater certainty, any Assets transferred by Robertson which originated from the Companies and/or Cotten); or (b) purchased using proceeds of Assets transferred to Beazley by the Companies and/or Cotten either directly or indirectly, as part of the Family Financial Statements;

(c) Robertson and/or Beazley identify or become aware of any Assets which were required to be disclosed under this Settlement Agreement and not previously disclosed in the Family Financial Statements and fail to notify the Trustee of such Assets or fail to take reasonable steps to assist with transferring such Assets to the Trustee if such Assets are Settlement Assets under this Settlement Agreement; or

(d) Robertson and/or Beazley breach any of their Cooperation Obligations following the Effective Date.

(2) Notwithstanding any rescission or voiding of the release of the Released Claims provided by the Trustee in favour of Robertson, the Estate, the Controlled Entities and Beazley in accordance with section 6.4(1) of this Settlement Agreement, the remaining provisions of the Settlement Agreement will remain in full force and effect and the transfer of the Settlement Assets to the Trustee shall continue to be binding upon Robertson, the Estate, the Controlled Entities and Beazley.

6.5 No Further Claims

(1) Subject to section 6.4 of this Settlement Agreement, upon the Effective Date and thereafter, the Trustee and the Affected Users shall not commence, institute, continue, participate in, maintain or assert, either directly or indirectly, whether in Canada or elsewhere, on their own behalf or on behalf of any other Entity or person any Claims against Robertson, the Estate, the Controlled Entities or Beazley in any way related or connected to the Released Claims or against any Entity or person who may claim contribution or indemnity, or other Claims over relief, from any of Robertson, the Estate, the Controlled Entities or Beazley in respect of such Released Claims. Subject to section 6.4 of this Settlement Agreement, all Released Claims which could have been asserted by the Trustee and/or the Affected Users against Robertson, the Estate, the Controlled Entities and Beazley are barred, prohibited and enjoined in accordance with the terms of this Settlement Agreement.

(2) Upon the Effective Date and thereafter, Robertson, the Estate, the Controlled Entities or Beazley, shall not commence, institute, continue, participate in, maintain or assert, either directly or indirectly, whether in Canada or elsewhere, on their own behalf or on behalf of any other Entity or person any Claims against the Trustee or the Companies in any way related or connected to the Settlement Assets, the amounts owing for loans made by any one of them to the Companies, including the loan made by Robertson to the Companies secured by the general security agreement dated January 29, 2019, and Cotten's employment with the Companies, any indemnity obligations of the Companies except as contained in this Settlement Agreement or person who may claim contribution or indemnity, or other Claims over relief, from any of the Trustee or the Companies in respect of such Claims. All Claims which could have been asserted by Robertson, the Estate, the Controlled Entities or Beazley against the Companies or the Trustee in any way related or connected to the Settlement Assets, the amounts owing for loans made by any one of them to the Companies, including the loan made by Robertson to the Companies secured by the general security agreement dated January 29, 2019, Cotten's employment with the Companies, and any indemnity obligations of the Companies except as contained in this Settlement Agreement, are barred, prohibited and enjoined in accordance with the terms of this Settlement Agreement.

SECTION 7
COOPERATION OBLIGATIONS

7.1 Transfer of Settlement Assets

Robertson, the Estate, the Controlled Entities and Beazley shall cooperate with and assist the Trustee as reasonably requested to transfer the Settlement Assets to the Trustee and otherwise implement this Settlement Agreement, including filing registrations or documents with Governmental Authorities and executing such further documents and

assurances, as may be deemed necessary or advisable from time to time. If Robertson and/or Beazley become aware of any Assets which were required to be disclosed under this Settlement Agreement that were not previously included in the Family Financial Statements, Robertson and/or Beazley shall forthwith notify the Trustee of the existence and location of such Assets and cooperate with and assist the Trustee with transferring Assets to the Trustee to the extent such Assets are Settlement Assets under this Settlement Agreement.

7.2 Controlled Entities and Estate Executor

(1) Following the Effective Date, Robertson shall remain as a director of any Controlled Entities where she previously held a role as director in order to cooperate and assist with the transfer of the Settlement Assets from the Controlled Entities to the Trustee, comply with Cooperation Obligations of the Controlled Entities and otherwise implement this Settlement Agreement. The Trustee shall have no involvement with the management, operations or business of the Controlled Entities except as may be necessary to complete the transfer of the Settlement Assets to the Trustee.

(2) Following the Effective Date, Robertson shall remain in her role as executor of the Estate to cooperate and assist with the transfer of the Settlement Assets from the Estate to the Trustee, comply with Cooperation Obligations of the Estate and otherwise implement this Settlement Agreement. As soon as reasonably practicable following the Effective Date, the Estate shall file an amended inventory of Estate Assets, property and undertaking with the probate court and take actions and steps necessary seek the return of probate fees and Taxes previously paid by the Estate on the basis of the amended inventory. For greater certainty, any probate fees and Taxes returned to the Estate are Settlement Assets under this Settlement Agreement which shall be transferred to the Trustee.

(3) The Trustee shall reimburse or compensate Robertson up to a maximum of $25,000 for actual and documented out-of-pocket expenses incurred within six (6) months of the Effective Date in respect of (a) preparing and filing Tax Returns on behalf of the Estate and the Controlled Entities; or (b) any bankruptcy, liquidation or wind-up proceedings in respect of the Controlled Entities.

7.3 Google Access

As soon as reasonably practicable following the execution of this Settlement Agreement, Robertson and/or the Estate shall file a motion with a court of competent jurisdiction in the State of California, in consultation with the Trustee, to obtain a copy of the Google Information from Google LLC and take any other actions or steps necessary to obtain access to or a copy of the Google Information. The order sought by Robertson and/or the Estate from the California court shall provide that Google LLC shall provide a copy of the Google Information to the Trustee. If the California court refuses to grant such relief or Google LLC refuses to deliver the Google Information to the Trustee, Robertson and/or the Estate shall provide a copy of the Google Information to the Trustee to the extent received from Google LLC.

7.4 Access to Information and Documents

Robertson, the Estate and the Controlled Entities shall provide such consents and execute such further documents and assurances to obtain (a) Documents and information

ordered to be delivered to the Trustee under paragraphs 13 and 16 of the Asset Preservation Order; and (b) further Documents and information from additional banks, financial institutions, cryptocurrency exchanges and other third parties in respect of the Settlement Assets and the nature, value, and current location of any past Assets of Robertson, Cotten, the Estate, the Controlled Entities and the Companies.

7.5 Document Disclosure

Following the Effective Date, to the extent not previously provided to the Trustee, Robertson and Beazley shall provide the Trustee with Documents and information to the extent it is currently in existence and is in their power, possession or control, related to the (a) the business, operation and affairs of the Companies, including Cotten's involvement in the Companies; (b) communications between (i) Robertson and Cotten; and (ii) Beazley and Cotten, including text messages, e-mails and chat logs; and (c) encryption keys or passwords to access any such Documents and information.

7.6 Ongoing Cooperation

Following the Effective Date, subject to the other terms of this Settlement Agreement, Robertson shall provide the Trustee with any additional reasonable cooperation determined to be reasonably necessary by the Trustee in order to assist the Trustee in completing its investigation of the business and affairs of the Companies and fulfilling its obligations under the BIA, including commencing and prosecuting actions against third parties who may hold Settlement Assets or who the Companies may have Claims against.

SECTION 8
GENERAL

8.1 Notices

All notices or other communications required or permitted to be given pursuant to this Settlement Agreement shall be in writing and shall be delivered personally or sent by certified mail. Notices delivered personally shall be effective on the date first received, while notices sent by certified mail, return receipt requested, shall be deemed to have been received and to be effective three (3) business days after deposit into the mail. Notices shall be given to each Party at its following respective address, or at such other address as a Party shall designate in writing:

If to Robertson, the Estate, Beazley or the Controlled Entities:	Stewart McKelvey Purdy's Wharf Tower One 900-1959 Upper Water Street, P.O. Box 997 Halifax, Nova Scotia B3J 2X2 Attention: Richard Niedermayer Email: rniedermayer@stewartmckelvey.com

If to the Trustee:	**Ernst & Young Inc.,** in its capacity as trustee-in-bankruptcy of Quadriga Fintech Solutions Corp., Whiteside Capital Corporation and 0984750 B.C. Ltd. RBC Waterside Centre 1871 Hollis Street, Suite 500 Halifax, Nova Scotia B3J 0C3 Attention: George Kinsman Email: george.c.kinsman@ca.ey.com
With a copy to:	**Stikeman Elliott LLP** 5300 Commerce Court West Toronto, Ontario M5L 1B9 Attention: Liz Pillon Email: lpillon@stikeman.com

8.2 Enurement

This Settlement Agreement becomes effective on the Effective Date. After that time, it will be binding upon and enure to the benefit of the Parties and their respective successors, heirs and legal representatives

8.3 Waiver

No waiver of any of the provisions of this Settlement Agreement will constitute a waiver of any other provision (whether or not similar). No waiver will be binding unless executed in writing by the Party to be bound by the waiver. A Party's failure or delay in exercising any right under this Settlement Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a Party from any other or further exercise of that right or the exercise of any other right it may have.

8.4 Further Assurances

Each of the Parties covenants and agrees to take such steps and actions, do such things, attend such meetings and execute such further documents and assurances as may be deemed necessary or advisable from time to time in order to carry out the terms and conditions of this Settlement Agreement, in accordance with their true intent.

8.5 Counterparts

This Settlement Agreement may be executed in any number of counterparts, each of which is deemed to be an original, and such counterparts together constitute one and the same instrument. Transmission of an executed signature page by facsimile, email or other electronic means is as effective as a manually executed counterpart of this Settlement Agreement.

[signature pages follow]

IN WITNESS WHEREOF the Parties have executed this Settlement Agreement.

ERNST & YOUNG INC., in its capacity as trustee-in-bankruptcy of Quadriga Fintech Solutions Corp., Whiteside Capital Corporation and 0984750 B.C. Ltd., and not in its personal capacity

By: _____

Name: George Kinsman
Title: Senior Vice President

[Signature Page to Settlement Agreement]

Name: Jennifer K.M. Robertson

Witness

Richard Niedermayer

Name: Thomas Beazley

Witness

Richard Niedermayer

JENNIFER ROBERTSON, in her capacity as the executor of the estate of Gerald William Cotten

By:

Name: Jennifer Robertson
Title: Executor

2379164 ONTARIO INC.

By:

Name: Jennifer Robertson
Title: Director/President

[Signature Page to Settlement Agreement]

MEGACORP INCORPORATED

By: _____
Name: Jennifer Robertson
Title: Director/President

ROBERTSON NOVA CONSULTING INC.

By: _____
Name: Jennifer Robertson
Title: Director/President

ROBERTSON NOVA PROPERTY MANAGEMENT INC.

By: _____
Name: Jennifer Robertson
Title: Director/President

JENNIFER ROBERTSON, in her capacity as the trustee of the Seaglass Trust

By: _____
Name: Jennifer Robertson
Title: Trustee

[Signature Page to Settlement Agreement]

IN WITNESS WHEREOF Representative Counsel has executed this Settlement Agreement on behalf of the Official Committee pursuant to paragraph 10 of the Representative Counsel Order for the sole purpose of agreeing to sections 6.2 and 6.5(1) of the Settlement Agreement subject to and conditional upon approval by the Bankruptcy Court.

Representative Counsel, on behalf of the Official Committee of Affected Users

By: _____

Asim Iqbal

Miller Thomson LLP

Representative Counsel to the Affected Users

[Signature Page to Settlement Agreement]

Schedule “A” – Approval Order

[Attached]

Court File No. CV-19-627184-00CL
CV-19-627185-00CL
and CV-19-627186-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE MR.	)	TUESDAY, THE 15th
	)	
JUSTICE HAINEY	)	DAY OF OCTOBER 2019

IN THE MATTER OF THE BANKRUPTCY OF QUADRIGA FINTECH SOLUTIONS CORP., WHITESIDE CAPITAL CORPORATION AND 0984750 B.C. LTD. D/B/A QUADRIGA CX AND QUADRIGA COIN EXCHANGE

ORDER
(Settlement Approval Order)

THIS MOTION, made by the Trustee, Ernst & Young Inc. ("**EY**"), in its capacity as the trustee-in-bankruptcy of 0984750 B.C. Ltd. d/b/a Quadriga CX and Quadriga Coin Exchange ("**Quadriga**"), Quadriga Fintech Solutions Corp. ("**Fintech**") and Whiteside Capital Corporation ("**Whiteside**") (collectively, the "**Companies**") under the *Bankruptcy and Insolvency Act* (Canada) (the "**Trustee**"), for an order (the "**Approval Order**"), *inter alia*, approving the Settlement Agreement dated ● (the "**Settlement Agreement**") between the Trustee, Jennifer Robertson ("**Robertson**"), Robertson, in her capacity as the executor of the estate of Gerald Cotten (the "**Estate**"), Thomas Beazley ("**Beazley**") and the Controlled Entities (as defined by the Settlement Agreement) (collectively with Robertson, the Estate and Beazley, the "**Settling Parties**"), which is appended hereto as Schedule "A", was heard on October 15, 2019 at the court house, 330 University Avenue, Toronto, Ontario, M5G 1R7.

ON READING the Fourth Report of the Trustee dated ● and the affidavit of Jennifer Robertson sworn ●, and on hearing the submissions of the lawyers for Trustee and Representative Counsel, Jennifer Robertson and other interested parties, no one appearing for any other party although duly served as appears from the affidavit of service of ●, filed.

DEFINITIONS

1. **THIS COURT ORDERS** that all capitalized terms not otherwise defined in this Approval Order shall have the respective meanings ascribed to them in the Settlement Agreement.

SETTLEMENT AGREEMENT

2. **THIS COURT ORDERS** that the Settlement Agreement is hereby approved.

3. **THIS COURT ORDERS** that the Trustee is hereby authorized and directed *nunc pro tunc* to execute the Settlement Agreement and is further authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable in order to complete the transactions contemplated by the Settlement Agreement.

4. **THIS COURT ORDERS** that, on behalf of the Official Committee, Representative Counsel is hereby authorized and directed *nunc pro tunc* to execute the Settlement Agreement for the sole purpose of agreeing to sections 6.2 and 6.5(1) of the Settlement Agreement.

5. **THIS COURT ORDERS** that, as soon as practicable following the Effective Date, the Trustee shall be authorized and directed to serve on the service list in this proceeding and post on the website established by the Trustee in respect of this proceeding a certificate in the form attached hereto as Schedule "B" (the "**Trustee's Certificate**"), signed by the Trustee, certifying

that the Effective Date has occurred. The Trustee shall file the Trustee's Certificate with this Court as soon as reasonably practicable.

6. **THIS COURT ORDERS** that upon the Effective Date, the Settlement Agreement including, without limitation, the transactions, transfers, releases, compromises and injunctions provided for therein, shall be in full force and effect and binding on the Trustee, the Companies, Robertson, the Estate, Beazley, the Controlled Entities and the Affected Users, including their respective heirs, administrators, executors, legal personal representatives, successors and assigns.

SETTLEMENT ASSETS

7. **THIS COURT ORDERS AND DECLARES** that any and all transfers or conveyances of the Settlement Assets to the Settling Parties are "transfers at undervalue" as defined in section 2(1) of the BIA and are hereby voided and set aside as against the Trustee, and any and all right, title and interest to the Settlement Assets of the Settling Parties shall be property of the Quadriga estate vested in the Trustee.

8. **THIS COURT ORDERS AND DECLARES** that, to the extent any Settlement Assets were not transferred to the Settling Parties by the Companies:

(a) such Settlement Assets (i) were acquired with assets and/or property originally transferred by the Companies; or (ii) accrued from income generated or earned in respect of the assets and/or property transferred by the Companies or assets and/or property acquired with assets and/or property originally transferred by the Companies;

(b) the original transfers or conveyances of assets and/or property by the Companies are "transfers at undervalue" as defined in section 2(1) of the BIA and are hereby voided and set aside as against the Trustee; and

(c) in accordance with section 98(1) of the BIA, any and all right, title and interest to such Settlement Assets of the Settling Parties shall be the property of the Quadriga estate vested in the Trustee.

9. **THIS COURT ORDERS** that, notwithstanding:

(a) the pendency of these proceedings;

(b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of any of the Settling Parties and any bankruptcy order issued pursuant to any such applications; and

(c) any assignment in bankruptcy made in respect of the Settling Parties;

the transfer of Settlement Assets in accordance with this Approval Order and the Settlement Agreement to the name of the Quadriga estate vested in the Trustee pursuant to the Settlement Agreement and this Approval Order shall be binding on any trustee-in-bankruptcy that may be appointed in respect of the Settling Parties and shall not be void or voidable by creditors of the Settling Parties, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

RELEASES AND INJUNCTIONS

10. **THIS COURT ORDERS** that the compromises, releases, and injunctions set out in section 6 of the Settlement Agreement are hereby approved and shall be binding and effective as at the Effective Date in accordance with and subject to the Settlement Agreement.

11. **THIS COURT ORDERS** that, in accordance with and subject to the Settlement Agreement, upon the Effective Date and subject to section 6.4 of the Settlement Agreement, the Trustee and the Companies' estates hereby release and forever discharge the Settling Parties of and from any and all Released Claims.

12. **THIS COURT ORDERS AND DECLARES** that the Official Committee has the authority under the Representative Counsel Order and is authorized to bind Affected Users to sections 6.2 and 6.5(1) of the Settlement Agreement. In doing so, the Official Committee shall incur no liability or obligation and shall have all of the protections afforded to the Official Committee under the Representative Counsel Order and other court orders granted in this proceeding.

13. **THIS COURT ORDERS** that in accordance with and subject to the Settlement Agreement, upon the Effective Date and subject to section 6.4 of the Settlement Agreement, the Official Committee of Affected Users hereby releases and forever discharges the Settling Parties of and from any and all Released Claims of the Affected Users.

14. **THIS COURT ORDERS** that, in accordance with and subject to the Settlement Agreement, upon the Effective Date, the Settling Parties hereby release and forever discharge (a) the Companies' estates and the Trustee of and from any and all Claims in any way related or

connected to the Settlement Assets, the amounts owing for loans made by any one of them to the Companies including the loan made by Robertson to the Companies secured by the general security agreement dated January 29, 2019, Cotten's employment with the Companies, and any indemnity obligations of the Companies except as contained in section 4.3(2) of the Settlement Agreement, and (b) all rights and Claims to the Settlement Assets, including any title or possessory Claims to the Settlement Assets. For greater certainty, the Settling Parties shall not be entitled to file a proof of claim in this proceeding against the Companies' estates in respect of any Claim that the Settling Parties may have against the Companies.

15. **THIS COURT ORDERS** that, in accordance with and subject to the Settlement Agreement, including section 6.4 thereof, upon the Effective Date and thereafter, the Trustee and the Affected Users shall not commence, institute, continue, participate in, maintain or assert, either directly or indirectly, whether in Canada or elsewhere, on their own behalf or on behalf of any other Entity or person any Claims against the Settling Parties in any way related or connected to the Released Claims or against any Entity or person who may claim contribution or indemnity, or other Claims over relief, from any of Robertson, the Estate, the Controlled Entities or Beazley in respect of such Released Claims. Subject to the Settlement Agreement, including section 6.4 thereof, upon the Effective Date and thereafter, all Released Claims which could have been asserted by the Trustee and/or the Affected Users against the Settling Parties are barred, prohibited and enjoined in accordance with the terms of the Settlement Agreement.

16. **THIS COURT ORDERS** that, in accordance with and subject to the Settlement Agreement, upon the Effective Date and thereafter, the Settling Parties, shall not now or hereafter commence, institute, continue, participate in, maintain or assert, either directly or indirectly, whether in Canada or elsewhere, on their own behalf or on behalf of any other Entity or person any

Claims against the Trustee or the Companies in any way related or connected to the Settlement Assets, the amounts owing for loans made by any one of them to the Companies, including the loan made by Robertson to the Companies secured by the general security agreement dated January 29, 2019, and Cotten's employment with the Companies, any indemnity obligations of the Companies except as contained in the Settlement Agreement or person who may claim contribution or indemnity, or other Claims over relief, from any of the Trustee or the Companies in respect of such Claims. All Claims which could have been asserted by the Settling Parties against the Companies or the Trustee in any way related or connected to the Settlement Assets, the amounts owing for loans made by any one of them to the Companies, including the loan made by Robertson to the Companies secured by the general security agreement dated January 29, 2019, Cotten's employment with the Companies, and any indemnity obligations of the Companies except as contained in the Settlement Agreement, are barred, prohibited and enjoined in accordance with the terms of the Settlement Agreement.

ASSET PRESERVATION ORDER

17. **THIS COURT ORDERS** that upon the Effective Date, the Asset Preservation Order shall be amended and varied by deleting paragraphs 1 – 11 and 14.

18. **THIS COURT ORDERS** that Stewart McKelvey is authorized and directed take such steps and actions as may required to implement the Settlement Agreement, including distributing any Assets in the Preservation Accounts (as defined by the Asset Preservation Order) or otherwise in its possession (a) to the Trustee if Settlement Assets under the Settlement Agreement; and (b) to the applicable Settling Party if Excluded Assets under the Settlement Agreement.

19. **THIS COURT ORDERS** that, to the extent not already completed pursuant to the Asset Preservation Order, Royal Bank of Canada, TD Bank Group, The Bank of Nova Scotia, BMO Financial Group, Canadian Imperial Bank of Commerce, Canadian Tire Bank, Canadian Western Bank, East Coast Credit Union, Questrade Financial Group Inc. and Manulife Financial Corporation (collectively, the "**Banks**") shall disclose and deliver to the Trustee any and all records and statements held by the Banks concerning Robertson's, the Estate's and/or the Controlled Entities' assets and accounts, including the existence, nature, value and location of any monies or assets or credit, wherever situate, including all records and statements held by the Banks concerning any assets and accounts of the Robertson, the Estate and/or the Controlled Entities formerly held by the Banks, and the Banks shall forthwith provide such information and documentation to the Trustee.

20. **THIS COURT ORDERS** that, to the extent not already completed pursuant to the Asset Preservation Order, all cryptocurrency exchanges, including the cryptocurrency exchanges doing business as Binance, Bitfinex, Bitmex, Bitstamp, Coinbase, Digifinex, EzBtc.ca, Huobi, Kraken, Localbitcoins.com, Poloniex, OKCoins, OkEx and Shapeshift, (the "**Exchanges**") shall disclose and deliver to the Trustee any and all records and statements held by the Exchanges concerning Robertson's, the Estate's and/or the Controlled Entities' assets and accounts, including the existence, nature, value and location of any monies, assets or cryptocurrency or credit, wherever situate, including all records and statements held by the Exchanges concerning any assets and accounts of the Robertson, the Estate and/or the Controlled Entities formerly held by the Exchanges, and the Exchanges shall forthwith provide such information and documentation to the Trustee.

GENERAL

21. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United States or elsewhere, to give effect to this Approval Order and to assist the Trustee and its respective agents and counsel in carrying out the terms of this Approval Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Trustee, as an officer of this Court, as may be necessary or desirable to give effect to this Approval Order, to grant representative status to the Trustee in any foreign proceeding, or to assist the Trustee and its respective agents and counsel in carrying out the terms of this Approval Order.

Schedule “A” - Settlement Agreement

[Attached]

Schedule "B" - Trustee's Certificate

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

IN THE MATTER OF THE BANKRUPTCY OF QUADRIGA FINTECH SOLUTIONS CORP., WHITESIDE CAPITAL CORPORATION AND 0984750 B.C. LTD. D/B/A QUADRIGA CX AND QUADRIGA COIN EXCHANGE

Trustee's Certificate

A. Ernst & Young Inc. has been appointed under the trustee in bankruptcy of 0984750 B.C. Ltd. d/b/a Quadriga CX and Quadriga Coin Exchange, Quadriga Fintech Solutions Corp. and Whiteside Capital Corporation under the *Bankruptcy and Insolvency Act* (Canada) (the "**Trustee**");

B. Capitalized terms not otherwise defined in this certificate shall have the respective meanings ascribed to them in the Settlement Agreement dated ● (the "**Settlement Agreement**") between the Trustee, Robertson, the Estate, Beazley and the Controlled Entities;

C. Pursuant to an Order of the Bankruptcy Court dated ● (the "**Approval Order**"), the Settlement Agreement was approved by the Bankruptcy Court, including the transactions, transfers, releases, compromises and injunctions provided for therein; and

D. Pursuant to the Approval Order, the Trustee is required to serve on the service list in this proceeding, post on the Trustee's website and file with the Bankruptcy Court, a certificate certifying that the Effective Date has occurred.

THE TRUSTEE HEREBY CERTIFIES as follows:

(a) Counsel for Robertson and the Estate has confirmed that the conditions to the occurrence of the Effective Date in favour of Robertson have been satisfied or waived pursuant to the Settlement Agreement;

(b) The Trustee also confirms that the conditions to the occurrence of the Effective Date in favour of the Trustee have been satisfied or waived pursuant to the Settlement Agreement; and

(c) The Effective Date has occurred.

DATED at the City of Toronto, in the Province of Ontario, this _____ day of _____, 2019

Ernst & Young Inc., in its capacity as Trustee of the Companies and not in its personal or corporate capacity

By: _____

Name:

Title:

IN THE MATTER OF THE BANKRUPTCY OF QUADRIGA FINTECH SOLUTIONS CORP., WHITESIDE CAPITAL CORPORATION AND 0984750 B.C. LTD. D/B/A QUADRIGA CX AND QUADRIGA COIN EXCHANGE

Court File No. CV-19-627184-00CL
CV-19-627185-00CL
and CV-19-627186-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

PROCEEDING COMMENCED AT TORONTO

ORDER
(SETTLEMENT APPROVAL ORDER)

STIKEMAN ELLIOTT LLP
Barristers & Solicitors
5300 Commerce Court West
199 Bay Street
Toronto, Canada M5L 1B9

Elizabeth Pillon LSO#: 35638M
Tel: (416) 869-5623
Email: lpillon@stikeman.com
Maria Konyukhova LSO#: 52880V
Tel: (416) 869-5230
Email: mkonyukhova@stikeman.com
Lee Nicholson LSO#: 66412I
Tel: (416) 869-5604
Email: leenicholson@stikeman.com
Fax: (416) 947-0866

Lawyers for the Trustee

Schedule “B” – Approval Order Affidavit

[Attached]

Court File No. CV-19-627184-00CL
CV-19-627185-00CL
and CV-19-627186-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF THE BANKRUPTCY OF QUADRIGA FINTECH SOLUTIONS CORP., WHITESIDE CAPITAL CORPORATION AND 0984750 B.C. LTD. D/B/A QUADRIGA CX AND QUADRIGA COIN EXCHANGE

AFFIDAVIT OF JENNIFER ROBERTSON
(SWORN OCTOBER ●, 2019)

I, Jennifer Kathleen Margaret Robertson, of Fall River, Halifax Regional Municipality, in the Province of Nova Scotia, **MAKE OATH AND SAY:**

1. I am the widow of Gerald William Cotten ("**Gerry**") and a former director of Quadriga Fintech Solutions Corp. ("**Fintech**"), Whiteside Capital Corporation ("**Whiteside**") and 0984750 B.C. Ltd. d/b/a Quadriga CX and Quadriga Coin Exchange ("**Quadriga**" and collectively, the "**Companies**"). As such, I have personal knowledge of the matters deposed to in this affidavit, except where indicated otherwise.

2. I swear this affidavit in support of the motion of Ernst & Young Inc., in its capacity as the trustee-in-bankruptcy of the Companies (the "**Trustee**"), for an order (the "**Approval Order**") approving the settlement agreement dated October ●, 2019 between the Trustee, myself, myself in my capacity as the executor of Gerry's estate (the "**Estate**"), Thomas Beazley, and certain other entities party thereto (the "**Settlement Agreement**"). In particular, this affidavit supports the relief sought by the Trustee in the Approval Order which sets aside and voids certain transactions as against the Trustee.

3. Capitalized terms in this affidavit not otherwise defined herein have the meaning ascribed within the Settlement Agreement.

BACKGROUND

4. On December 9, 2018, my husband (Gerry) passed away while travelling in India. He was previously the chief executive officer and sole director of each of the Companies.

5. Following his death, in January, 2019 I was appointed as a director of each of the Companies along with my step-father, Thomas Beazley, and Jack Martel. The Companies were experiencing various liquidity issues and a decision was made to seek creditor protection under the *Companies' Creditors Arrangement Act* (the "**CCAA**"). Ernst & Young Inc. was appointed as monitor of the Companies (the "**Monitor**") by the Nova Scotia Supreme Court. The Companies were subsequently assigned into bankruptcy and Ernst & Young Inc. consented to act as Trustee.

6. During the CCAA proceedings, the Monitor reported on its investigation into the business and affairs of the Companies and activities of my late husband. The reports also indicated that the Trustee intended to pursue my assets, the assets of the Estate, assets of certain entities wholly owned by myself (the "**Robertson Controlled Entities**") and assets of certain entities wholly owned by the Estate (the "**Gerry Controlled Entities**"). The Robertson Controlled Entities and Gerry Controlled Entities form the Controlled Entities under the Settlement Agreement.

7. Following the issuance of the Monitor's Fifth Report dated June 19, 2019 which disclosed significant new information about the activities of the Companies and Gerry, I presented a settlement offer to the Trustee through my counsel whereby the majority of my assets, the Estate's assets and assets of the Controlled Entities would be returned to the Trustee for the benefit of the Quadriga estate. Following significant negotiations with the Trustee through my counsel, we were able reach an agreement as set out in the Settlement Agreement.

TRANSFERS AT UNDERVALUE

8. I understand the Approval Order sought by the Trustee requests the Court to set aside and void certain transactions as against the Trustee with respect to the Settlement Assets. In support of the relief sought by the Trustee I confirm the following:

(a) Gerry and I did not act as arm's length parties with the Companies while they were operating, and the Companies were controlled by Gerry prior to his death;

(b) All of my property which is being returned as part of the Settlement Agreement (i.e. the Robertson Settlement Assets) and the property of the Robertson Controlled Entities, including the Controlled Entities Settlement Assets owned by the Robertson Controlled Entities, was either (i) transferred by Quadriga or Gerry to myself or the Robertson Controlled Entities; or (ii) acquired using property, or proceeds from property, transferred by Quadriga or Gerry to myself or the Robertson Controlled Entities. As I only met Gerry in November 2014, the original property transferred by Quadriga to myself or the Robertson Controlled Entities all occurred within the five (5) years prior to the Companies filing for CCAA protection;

(c) To the best of my knowledge, all of Gerry's property (now the Estate's property) and the property of the Gerry Controlled Entities, was sourced from Quadriga as Gerry did not have any other significant sources of income from the time that I first met him. Based on that understanding, I believe that all of the Estate's property, including the Estate Settlement Assets, and the property of the Gerry Controlled Entities, including the Controlled Entities Settlement Assets owned by the Gerry Controlled Entities, was either (i) transferred by Quadriga directly to Gerry or the Gerry Controlled Entities; or (ii) acquired using property, or proceeds from property, transferred by Quadriga to Gerry or the Gerry Controlled Entities;

(d) The Robertson Controlled Entities and I did not provide Quadriga with any consideration for the property transferred to the Controlled Entities or myself;

(e) To the best of my knowledge, after reviewing the reports of the Monitor, gathering information in my capacity as director of the Companies and having reviewed and discussed this new factual information with my counsel, it is my belief and understanding that Gerry and the Gerry Controlled Entities did not provide Quadriga with any consideration for the property transferred other than

possibly on account of compensation for his role as chief executive officer of the Companies of which I have no knowledge; and

(f) I met Gerry in November 2014 and at that time I understood that Quadriga was a relatively small company and Gerry did not have a significant amount of assets at that time, other than personal cryptocurrency assets that he advised me were held on the Quadriga platform. Based on that understanding, I believe that the significant majority, if not all, of the property currently owned by the Estate or the Gerry Controlled Entities originated from Quadriga having been transferred to Gerry or the Gerry Controlled Entities within the five (5) years prior to the Companies filing for CCAA protection.

9. I swear this affidavit in support of the Approval Order and for no other improper purpose.

SWORN BEFORE ME in the Halifax Regional Municipality, Province of Nova Scotia, on October ●, 2019

Commissioner for taking affidavits	Jennifer Robertson

IN THE MATTER OF THE BANKRUPTCY OF QUADRIGA FINTECH SOLUTIONS CORP., WHITESIDE CAPITAL CORPORATION, AND 0984750 B.C. LTD. D/B/A QUADRIGA CX AND QUADRIGA COIN EXCHANGE

Court File No. CV-19-627184-00CL
CV-19-627185-00CL
and CV-19-627186-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceeding commenced at Toronto

AFFIDAVIT OF JENNIFER ROBERTSON
(SWORN OCTOBER ●, 2019)

STEWART MCKELVEY
Suite 900, Purdy's Wharf Tower One
1959 Upper Water St.
Halifax, N.S.
B3J 3N2

Richard Niedermayer
Tel: 902.420.3339
Email: rniedermayer@stewartmckelvey.com
Fax: 902.420.1417

Schedule "C" – Excluded Assets

1. Excluded Assets of Robertson

Cash: $90,000 plus the remaining balance, if any, in Robertson's Scotiabank personal account as of the Effective Date up to a maximum amount of $10,000.

RRSP: Investments contained in Robertson's SunLife registered retirement savings account to a maximum amount of the value of such account disclosed in the Sworn Asset Disclosure plus ordinary course investment income accrued thereon.

Vehicles: 2015 Jeep Cherokee

Jewelry: Her wedding band, memory pendant and gold ring with pink stone.

Personal Belongings: Personal furnishings of Robertson up to a maximum aggregate appraised fair market value of $15,000 as determined in accordance with section 2.7 of the Settlement Agreement, and all clothing and similar personal effects.

Shares: Issued and outstanding shares of the Controlled Entities and Fintech (except to the extent transferred to the Trustee in accordance with section 2.8 of the Settlement Agreement)

2. Excluded Assets of the Estate

Shares: Issued and outstanding shares of the Controlled Entities, CX Solutions and Fintech (except to the extent transferred to the Trustee in accordance with section 2.8 of the Settlement Agreement)

Schedule “D” – Assignment and Acknowledgement Agreement

[Attached]

-

ASSIGNMENT OF SECURITY AND INDEBTEDNESS AGREEMENT

THIS AGREEMENT is made as of October __, 2019,

B E T W E E N:

Ernst & Young Inc.,
in its capacity as trustee-in-bankruptcy of Quadriga Fintech Solutions Corp., Whiteside Capital Corporation and 0984750 B.C. Ltd., and not in its personal capacity.

(hereinafter referred to as the "**Assignee**"),

- and -

Robertson Nova Property Management Inc.,
a corporation existing under the laws of the province of Nova Scotia,

(hereinafter referred to as "**RNPM**"),

- and -

Jennifer Kathleen Margaret Robertson,

(hereinafter referred to as "**Robertson**", and together with RNPM, the "**Assignors**"),

WHEREAS the Assignors have provided _____ and _____ (together, the "**Borrowers**") with a loan of CAN$385,000 pursuant to a promissory note charging lands dated April 19, 2018 and a profit sharing agreement dated April 27, 2018 (collectively, the "**Promissory Note**") secured by a charge on the lands municipally described as 74 Somerglen Close, Calgary, Alberta, T2Y 3Z5;

AND WHEREAS, as of October 1, 2019, the Borrowers have, pursuant to the Promissory Note, outstanding debts, liabilities and obligations to the Assignors totalling **$**366,800;

AND WHEREAS the Assignee and Assignors will be parties to a settlement agreement between the Assignee, the Assignors, Robertson in her capacity as the executor of the estate of Gerald Cotten, Thomas Beazley, and the other entities party thereto (the "**Settlement Agreement**");

AND WHEREAS, pursuant to the Settlement Agreement, the Assignors are agreeing to transfer to the Assignee, and the Assignee has agreed to assume, all of the Assignors' respective rights, titles and interests in and to the Promissory Note;

AND WHEREAS the Assignee acknowledges having been provided with a copy of the Promissory Note;

AND WHEREAS the Borrowers are fully aware of the assignment contemplated by this Agreement and agree and consent to the said Agreement and the assignment contemplated thereby without novation, as is evidenced by their execution of this Agreement below;

NOW THEREFORE THIS AGREEMENT WITNESSES THAT in consideration of premises, covenants, agreements, settlements and releases contained herein and the Settlement Agreement and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by each party), the parties hereby agree as follows:

ASSIGNMENT

1. Assignment

As of the date hereof, notwithstanding any limitation or other provision contained in the Settlement Agreement, the Assignors hereby agree to transfer and assign, and set over unto the Assignee, its successors and assigns, its collective right, title and interest (both legal and equitable), powers and privileges and other benefits of any nature whatsoever in and to or arising from the Promissory Note, together with all monies that may hereafter become due or owing in respect of the Promissory Note, including, without limitation, all rights to receive principal, interest, fees, expenses, damages, penalties and other amounts in respect of or in connection with the Promissory Note and any security securing the Promissory Note, including any charge, security interest and mortgage.

2. Acceptance and Agreement to be Bound

The Assignee hereby accepts the transfer and assignment of the Promissory Note as set out in Section 1 and assumes and agrees to observe, perform, fulfil and be bound by all terms, covenants, conditions and obligations relating to the Promissory Note that are to be observed, performed and fulfilled by the Assignors in the same manner and to the same extent as if the Assignee were the original party named in the Promissory Note as Assignors.

3. Acknowledgement by the Borrowers

By executing this Agreement, the Borrowers hereby consent to the transactions contemplated by this Agreement and irrevocably acknowledge and confirm that (i) the total amount owing to the Assignors under the Promissory Note as of October 1, 2019 is the aggregate of **$**366,800, and (ii) the Promissory Note and any and all registrations related to the Promissory Note are in in full force and effect, and the same are legal, valid and binding obligations, enforceable against the Borrowers in accordance with their terms, all of which the Borrowers hereby confirm, reaffirm and ratify in favour of the Assignee as rightful holder thereof as and from the date hereof without any novation.

REGISTRATION OF SECURITY

4. Registration

The Assignors hereby authorizes the Assignee and Stikeman Elliott LLP (as the Assignee's counsel) or any other such designate, to execute and file such documents that may be reasonably required to record the assignment of the Promissory Note under any applicable

legislation or as otherwise reasonably required to carry out the terms of this Agreement, at the sole cost and expense of the Assignee, including, without limitation, to file a financing change statement, charge or mortgage in respect of any registrations related to the Promissory Note. If the Assignee fails to promptly record the assignment, the Assignors may do so and the Assignee shall promptly reimburse the Assignors for all costs incurred in doing so. In addition, the parties shall each execute such further documents and do such further acts as the other party reasonably requests to give further effect to this Agreement.

REPRESENTATIONS AND WARRANTIES

5. Representation and Warranty of the Assignors

The Assignors hereby represent and warrant to the Assignee that as of the date hereof:

(a) the recitals to this Agreement are true and correct;

(b) the Assignors are not restricted from assigning its right, title and interest in and to the Promissory Note to the Assignee under the terms of the Promissory Note;

(c) the Assignors have not previously assigned, discharged or released the Promissory Note or the rights, powers and benefits thereunder; and

(d) upon the effectiveness of this Agreement, the Assignors shall have no right, title or interest in and to the Promissory Note or in and to the property of the Borrowers.

MISCELLANEOUS

6. Governing Law

This Agreement is governed by, and will be interpreted and construed in accordance with, the laws of the Province of Alberta and the federal laws of Canada applicable therein. The Parties consent to the jurisdiction and venue of the Court of Queen's Bench of Alberta for the resolution of any such disputes arising under this Agreement.

7. Sections and Headings

The division of this Agreement into articles, sections, and other subdivisions are for convenience of reference only and shall not affect the interpretation of this Agreement. Unless otherwise indicated, any reference herein to a particular article or section refers to the specified article or section of this Agreement.

8. Currency

Unless otherwise indicated, all dollar amounts referred to in this Agreement are in Canadian funds.

9. Invalidity of Provisions

The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision hereof and any such invalid or unenforceable

provision shall be deemed to be severable and the remaining provisions will remain in full force and effect.

10. Successors and Assigns

This Agreement shall enure to the benefit of and shall be binding on and enforceable by the parties and their respective successors and permitted assigns, as applicable.

11. Further Assurances

Each of the Parties covenants and agrees to take such steps and actions, do such things, and execute such further documents and assurances as may be deemed necessary or advisable from time to time in order to carry out the terms and conditions of this Agreement, in accordance with their true intent.

12. Counterparts

This Agreement may be executed in any number of counterparts, each of which is deemed to be an original, and such counterparts together constitute one and the same instrument. Transmission of an executed signature page by facsimile, email or other electronic means is as effective as a manually executed counterpart of this Agreement.

[signature pages follow]

IN WITNESS WHEREOF the parties hereto have executed this Agreement on the date first written above:

ERNST & YOUNG INC., in its capacity as trustee-in-bankruptcy of Quadriga Fintech Solutions Corp., Whiteside Capital Corporation and 0984750 B.C. Ltd., and not in its personal capacity

By: _____
Name:
Title:

ROBERTSON NOVA PROPERTY MANAGEMENT INC.

By: _____
Name:
Title:

JENNIFER KATHLEEN MARGARET ROBERTSON

By: _____

Acknowledged and agreed as of the date first written above:

By: _____

By: _____

Schedule “E” – Release of Claims against Estate Settlement Assets

[Attached]

RELEASE

TO: **Ernst & Young Inc**., in its capacity as trustee-in-bankruptcy of Quadriga Fintech Solutions Corp., Whiteside Capital Corporation and 0984750 B.C. Ltd., and not in its personal capacity (the "**Trustee**")

DATED: October ●, 2019

WHEREAS Gerald William Cotten died on or about December 9, 2018 with a last will and testament dated November 27, 2018 (the "**Will**"), naming Jennifer Robertson as executor of the estate of Gerald William Cotten (the "**Estate**");

AND WHEREAS the Will names the undersigned as a non-residual beneficiary of the Estate;

AND WHEREAS the Estate entered into a settlement agreement between the Trustee, Jennifer Kathleen Margaret Robertson ("**Robertson**"), Robertson in her capacity as the executor of the Estate, Thomas Beazley, in his personal capacity, and other entities party thereto dated October ●, 2019 (the "**Settlement Agreement**");

AND WHEREAS the Estate, pursuant to the terms of the Settlement Agreement, assigned and transferred all of the Estate's rights, title and interest in, to and under, or relating to the Estate Settlement Assets (as that term is defined in the Settlement Agreement) to the Trustee (the "**Assignment**"); and

AND WHEREAS the undersigned is fully aware of the Settlement Agreement and the Assignment contemplated therein and agrees and consents to the Assignment;

NOW THEREFORE for good and valuable consideration (the receipt and adequacy of which is hereby acknowledged), the undersigned agrees as follows:

1. The undersigned hereby releases, discharges and surrenders, all of their right, title and interest in the Estate Settlement Assets, if any, and acknowledges that on the Effective Date (as defined in the Settlement Agreement) they have no right, title or interest in the Estate Settlement Assets and executes this release to confirm the same.

2. The provisions of this release shall enure to the benefit of the Trustee, its successors and assigns and shall be binding upon the undersigned and its successors and assigns.

IN WITNESS WHEREOF the undersigned has executed this release on the date first written above.

Witness	Name

APPENDIX “D”

2019 Hfx No. 484742

IN THE SUPREME COURT OF NOVA SCOTIA

IN THE MATTER OF: Application by Quadriga Fintech Solutions Corp., Whiteside Capital Corporation and 0984750 B.C. Ltd. dba Quadriga CX and Quadriga Coin Exchange (collectively referred to as the "Applicants"), for relief under the Companies' Creditors Arrangement Act

THIRD REPORT OF THE MONITOR

March 1, 2019

March 1, 2019

STIKEMAN ELLIOTT LLP
Barristers & Solicitors
5300 Commerce Court West
199 Bay Street
Toronto, Canada M5L 1B9

Elizabeth Pillon LSO#: 35638M
Tel: (416) 869-5623
Email: lpillon@stikeman.com

Lee Nicholson LSO#: 66412I
Tel: (416) 869-5604
Email: leenicholson@stikeman.com
Fax: (416) 947-0866

Lawyers for the Monitor, Ernst & Young Inc.

2019 Hfx No. 484742

IN THE SUPREME COURT OF NOVA SCOTIA

IN THE MATTER OF: Application by Quadriga Fintech Solutions Corp., Whiteside Capital Corporation and 0984750 B.C. Ltd. dba Quadriga CX and Quadriga Coin Exchange (collectively referred to as the "Applicants"), for relief under the Companies' Creditors Arrangement Act

THIRD REPORT OF THE MONITOR

March 1, 2019

INTRODUCTION

1. On February 5, 2019 (the "**Filing Date**"), Quadriga Fintech Solutions Corp., Whiteside Capital Corporation and 0984750 B.C. Ltd. ("**Quadriga**" or the "**Company**") d/b/a Quadriga CX and Quadriga Coin Exchange (collectively, the "**Applicants**") were granted protection from their creditors by the Nova Scotia Supreme Court (the "**Court**") under the *Companies' Creditors Arrangement Act* (the "**CCAA**"). Pursuant to an Order of Justice Wood dated February 5, 2019 (the "**Initial Order**"), Ernst & Young Inc. ("**EY**") was appointed as the monitor (the "**Monitor**") of the Applicants in these CCAA proceedings.

PURPOSE

2. The purpose of this Third Report of the Monitor (the "**Third Report**") is to provide the Court with an update on the activities of the Monitor since the date of its appointment. The Third Report further includes a preliminary status update on the results of the Monitor's

ongoing investigation into the Applicants' business, affairs and assets. The Third Report should be read in conjunction with the Pre-Filing Report of the Monitor dated January 31, 2019 (the "**Pre-Filing Report**"), the First Report of the Monitor dated February 12, 2019 (the "**First Report**") and the Second Report of the Monitor dated February 20, 2019 (the "**Second Report**") which provide updates on certain matters.

3. The outline of the Third Report is provided below:

(a) Updates on the CCAA proceedings

(i) Banking Arrangements Update

(ii) Preliminary Asset and Data Preservation Efforts

1. Data and Information Preservation Efforts

2. Asset Preservation Efforts

(iii) Bank Draft and Cryptocurrency Post-Filing Receipts

(iv) Funds held by the Accountant of Ontario Superior Court of Justice

(v) Representative Counsel Update

(vi) Disbursement Account

(b) Preliminary Investigation Efforts

(i) Supplemental Information on the Business

(ii) Quadriga Cryptocurrency Wallets

(iii) Identified Accounts

(iv) Other Cryptocurrency Exchanges

(v) Quadriga Platform Database

(c) The Chief Restructuring Officer and Governance Issues

(d) Stay Extension Request

(e) Cash Flow Forecast

(i) Revised Cash Flow Projection

(ii) Cash Flow Projection Variance Analysis

(f) Monitor's Recommendations

TERMS OF REFERENCE

4. In preparing this Third Report, the Monitor has relied upon unaudited financial information, the Company's books and records, financial information prepared by the Company (the "**Information**") and discussions with the Applicants' directors, senior management team, consultants ("**Management**") and legal advisors. The Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards ("**GAAS**") pursuant to the *Chartered Professional Accountants Canada Handbook*, and accordingly the Monitor expresses no opinion or other form of assurance in respect of the Information.

5. Except as otherwise stated, the Monitor's understanding of factual matters expressed in this Report concerning the Applicants and their business is based on the Information, and not independent factual determinations made by the Monitor.

6. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars.

UPDATES ON THE CCAA PROCEEDINGS

7. Since being appointed as Monitor on the Filing Date, the Monitor has undertaken a number of activities, including:

   (a) Providing notice to creditors of CCAA proceedings in accordance with the Initial Order;

   (b) Communicating with and answering inquiries of creditors;

   (c) Attempting to secure any books and records in respect of the Applicants and preserve Quadriga's databases;

   (d) Addressing various issues in respect of the post-filing banking of the Applicants;

   (e) Addressing the motion to appoint Representative Counsel for the Affected Users (each as defined below) and subsequent communications;

   (f) Various discussions with Applicants' representatives and counsel;

   (g) Attempting to locate, preserve and secure Quadriga property; and

(h) Making preliminary efforts into investigating the business, affairs and assets of the Applicants.

Banking Arrangements Update

8. On February 25, 2019, on a motion by the Monitor, the Court issued an order in relation to the post-filing banking arrangements (the "**Banking Arrangements Order**") of the Applicants. Following the issuance of the Banking Arrangements Order, the Monitor secured the Remaining Bank Draft (as defined by the Banking Arrangements Order) from Costodian Inc. ("**Costodian**") and received endorsements in respect of each of the Costodian bank drafts (the "**BMO Drafts**") which arose from the CIBC interpleader proceedings.

9. The Monitor delivered the endorsed BMO Drafts, which total $25,272,089.09, to the Royal Bank of Canada who subsequently deposited the bank drafts into the Disbursement Account (as defined by the Initial Order) effective February 27, 2019. Since depositing the funds, the Monitor has released $60,958.64 to Mr. Jose Reyes and transferred $778,213.94 into a separate bank account controlled by the Monitor representing the disputed fees with Costodian (the "**Disputed Amount**"), all in accordance with the Banking Arrangement Order.

10. The Disputed Amount will remain in the separate account pending a resolution or determination of the Quadriga's and Costodian's respective rights, entitlements and claims to the Disputed Amount.

Preliminary Asset and Data Preservation Efforts

11. Since the Filing Date, the Monitor has undertaken various activities to preserve assets that may be recoverable, and information and data that may assist with the Monitor's ongoing investigation.

Data and Information Preservation Efforts

12. As noted in the First Report, known devices of Mr. Gerry Cotten have been secured by the Monitor including, Mr. Cotten's laptops, cellphones, USB keys and home computer. The Monitor understands that prior to the commencement of the CCAA Proceedings, the Applicants together with their initial outside expert, attempted to access the devices and were successful in respect of certain devices. The Monitor will work with the Applicants and Representative Counsel to determine next steps to access any information and data which may be located on the devices and report back to the Court with respect to those efforts.

13. In addition to securing the personal electronic devices of Mr. Cotten, the Monitor is working with the Applicants to secure Quadriga's customer and exchange transaction databases (the "**Platform Data**") as detailed further below. The Monitor expects to continue to work in consultation with the Applicants to obtain such access to the databases and information. The Monitor also became aware of certain documents in the possession of Quadriga's former counsel with respect to their efforts to become a public company in 2015. The Monitor has contacted the lawyer to obtain production of the documents if determined to be beneficial.

14. In the Pre-Filing Report, the Monitor noted that "[t]he company had limited books and records, no financial records or reporting appears to have been undertaken." Since the Filing Date, the Monitor has made further efforts to investigate whether Quadriga had any formal

accounting books and records and has requested the Applicants provide copies of all financial records in their possession. To date, the Applicants have been unable to locate or provide any such records. The Monitor has contacted Canada Revenue Agency to ascertain whether the Applicants filed any tax returns. The Monitor's information request is still pending.

Asset Preservation Efforts

15. Following the Filing Date, the Applicants and the Monitor identified third party payment processors (the "**Third Party Processors**") known to have received and/or distributed funds on behalf of Quadriga in the past. The Monitor has written to the ten (10) known Third Party Processors requesting the transfer of any funds held on behalf of Quadriga and all transaction information in respect of accounts held by the Third Party Processors on behalf of Quadriga. The Monitor has received preliminary responses from certain Third Party Processors but has only recovered $5,000 to date in addition to the BMO Drafts recovered from Costodian Inc. and the Bulk Drafts which are discussed below. The Monitor expects that the status of requests from Third Party Processors will need to be addressed in a separate motion and that further relief from the Court may be necessary to secure funds and records from certain of the Third Party Processors.

16. As detailed in the Second Report, counsel to the Applicants is in possession of 1,004 bank drafts (the "**Bulk Drafts**") totalling approximately $5.8 million payable to 1009926 B.C. Ltd. received on behalf of Quadriga. The Monitor understands that the Applicants are working on having the Bulk Drafts endorsed to the Monitor. To facilitate that, the Monitor understands the Applicants have commenced the necessary first step of restoring the corporate entity by publishing notice in the British Columbia Gazette on February 28, 2019.

17. Recently, the Monitor was contacted by a representative of a Canadian credit union who confirmed they held a bank account on behalf of Quadriga Fintech Solutions Corp. which had been frozen since 2017. The bank account with the credit union was subsequently closed and the credit union has transferred funds totalling $245,033.31 to the Disbursement Account controlled by the Monitor.

18. In addition to securing funds, the Monitor has made efforts to preserve any cryptocurrency that may be available to the Applicants' stakeholders. Together with the Applicants' representatives, the Monitor identified potential other exchanges where Quadriga and/or Gerry Cotten may have opened accounts. The Monitor wrote to fourteen (14) exchanges requesting account credentials and transaction information for any accounts that may have been opened by Quadriga or Gerry Cotten.

19. The Monitor has received responses from four (4) cryptocurrency exchanges to date. Certain of the cryptocurrency exchanges confirmed the existence of accounts opened by Quadriga or Gerry Cotten and provided transactional data in respect of such accounts. One cryptocurrency exchange was holding minimal cryptocurrency on behalf of Quadriga which the Applicants successfully arranged to have transferred to the Monitor. Counsel to Ms. Robertson in her capacity as executor of the estate of Mr. Cotten has advised the Monitor that Ms. Robertson has agreed that all cryptocurrency found in accounts in Mr. Cotten's personal name may be transferred to Quadriga for the benefit of its stakeholders.

20. The Monitor has written to Jennifer Robertson and her counsel, in her capacity as the executor of the estate of Gerald Cotten and in her personal capacity, requesting the disclosure of certain transaction and asset information and a consensual undertaking to preserve assets pending the advancement of the Monitor's ongoing investigation efforts.

Post-Filing Bank Draft and Cryptocurrency Receipts

21. The Monitor has received a limited number of bank drafts from Third Party Processors which appear to have been deposits in transit as at the Filing Date. The Monitor is holding these bank drafts pending an investigation into their originating source and the specific Quadriga customer accounts relating to the bank drafts.

22. In addition, the Applicants have advised the Monitor that limited cryptocurrency deposits have continued to be received into the Quadriga hot wallets following the Filing Date and after the initial cryptocurrency transfer to the Monitor. The total Canadian dollar equivalent value of the post-filing deposits (fiat and cryptocurrency) (the "**Post-Filing Receipts**") is approximately $21,000.

23. The Monitor is working with the Applicants to assemble a listing of the Post Filing Receipts in the form of fiat and cryptocurrency and the name and contact details of the depositors where available. A recommendation with respect to the Post Filing Receipts will be presented to the Court at a later date.

Funds held by the Accountant of Ontario Superior Court of Justice

24. The Monitor is aware of approximately $200,000 that remains deposited with the Accountant of the Ontario Superior Court of Justice (the "**Accountant**") as result of the CIBC interpleader motion. These funds are in respect of customers who attempted to make deposits with the Applicants but were rejected by Quadriga for various reasons. According to the evidence in the CIBC interpleader application, the Quadriga accounts for these customers were never credited for their deposits and therefore, the funds were not claimed by Quadriga in the proceedings. The Monitor understands that these customers were previously contacted

regarding the funds held by the Accountant. A copy of the order of the Ontario Superior Court of Justice specifying these amounts held by the Accountant is attached to the Third Report as **Appendix "A"**.

Representative Counsel Update

25. On February 19, 2019, the Court released its decision on representative counsel motion appointing Miller Thomson LLP and Cox & Palmer as representative counsel ("**Representative Counsel**") to Quadriga's users (the "**Affected Users**"). The Monitor, the Applicants and Representative Counsel subsequently worked on the terms of the order appointing Representative Counsel (the "**Rep Counsel Order**"). A draft Rep Counsel Order was provided to the Court for consideration on February 27, 2019. Representative Counsel has also substantially finalized a confidentiality agreement with the Monitor and the Applicants to start receiving information on a preliminary basis.

26. In the decision appointing Representative Counsel, the Court stated that the process for selecting the committee of Affected Users (the "**Committee of Affected Users**") should commence without delay. After discussions with the Monitor, Representative Counsel prepared and sent a communication to Affected Users known to Representative Counsel soliciting applications to serve on the Committee of Affected Users. Any Affected User may submit an application to serve on the Committee of Affected Users for consideration by Representative Counsel and the Monitor by emailing CommitteeApplications@millerthomson.com. Applications should include the following information: (i) name and address; (ii) client-ID for the Quadriga's cryptocurrency exchange platform (iii) the amount of the user's claim against Quadriga, (iv) the nature of such claim (fiat currency, cryptocurrency, "pending" withdrawal and/or "completed" withdrawal); (v) a

statement of no more than 200 words expressing the user's interest and qualification in respect of serving of the Committee of Affected Users; and (vi) a resume or PDF copy of the user's LinkedIn profile.

27. The Monitor will provide further notice of the selection process to Affected Users when providing notice of the Representative Counsel Order by (i) posting a notice on the Monitor's website, Quadriga's website and Quadriga's subreddit; and (ii) sending a notice by e-mail transmission to Affected Users who have claims against the Applicants in excess of $1,000.

28. The Monitor will report further to the Court at a later date on the results of the selection process for the Committee of Affected Users.

29. Representative Counsel has provided the Monitor with a letter attached to the Third Report as **Appendix "B"** which details the activities of Representative Counsel since the release of the decision appointing Representative Counsel on February 19, 2019.

Disbursement Account

30. As reported further below in the Cash Flow section of the Third Report, the Monitor is holding approximately $24.7 million in the Disbursement Account. Pursuant to the terms of the Initial Order the Monitor intends to make disbursements from the Disbursement Account at the direction of the Applicants to fund these proceedings.

31. At the hearing for the Banking Arrangements Order, the possibility was raised that certain parties may allege claims, including trust claims, against the funds in the Disbursement Account and orders granted by the Court, including the Initial Order, may be the subject of future motions in respect of parties that were not provided notice of such orders.

32. The Monitor believes it is necessary to clarify that the funds being held by the Monitor are solely being held and disbursed on behalf of the Applicants and the Disbursement Account was solely provided to facilitate a post-filing banking solution for the benefit of the Applicants' stakeholders. To advance these CCAA proceedings, it is necessary that the Applicants and the Monitor have certainty that funds disbursed in accordance with the Initial Order are not subject to future claims or recourse. Any recourse by parties making trust or other claims at a later date should be limited to the funds remaining in the Disbursement Account at the time of advancing such claims.

33. In order to clarify the issue, the Monitor seeks further direction from the Court and may require further relief from the Court prior to making any disbursements with the funds received from the BMO Drafts, the Third Party Processors and other sources that may have originated from Quadriga's users.

PRELIMINARY INVESTIGATION EFFORTS

34. Following the Filing Date, the Monitor reached out to various resources externally and internally to determine the appropriate parties to assist the Monitor with the initial aspects of its investigation. Following the review of the various resources, it was determined that EY has the necessary resources and expertise to complete the Monitor's initial review of the Applicants' affairs. Since that determination, the Monitor has engaged significantly with its internal blockchain experts to understand the industry, cryptocurrency and the Applicants' affairs. The Monitor has also worked with the Applicants' representatives to receive and review certain information and data in respect of the Applicants and has interviewed certain members of Management regarding the Applicants' business and affairs.

35. Accordingly, the Monitor is of the view that it is important to update the Court and stakeholders on these initial and preliminary investigatory efforts.

Supplemental Background Information on the Business

36. In paragraphs 20–24 of the Pre-Filing Report, the Monitor provided the following background information with respect to the Quadriga business:

> ***Operation of the QCX Platform***
>
> *20. The Proposed Monitor understands that Quadriga operated a cryptocurrency exchange platform that allowed users to store, buy and sell various cryptocurrencies on the QCX Platform. The QCX Platform was launched in December 2013 on the website: www.quadrigacx.com.*
>
> *21. The QCX Platform allowed users to deposit Cash or cryptocurrency with Quadriga. After depositing Cash or cryptocurrency with Quadriga, the user's QCX Platform account would be credited with the appropriate currency. The user could then place buy or sell orders on the QCX Platform. If a counterparty for the order was found via the QCX Platform, a trade would occur such that the seller's cryptocurrency account would be debited and their cash account (or the appropriate cryptocurrency account, if the seller is trading cryptocurrencies) would be credited. The buyer's account would be credited and debited for the reciprocal amounts. Following the trade, Quadriga would owe the seller Cash (or the appropriate cryptocurrency) for the amount of the sale and owe the buyer cryptocurrency for the amount of*

coins purchased. Quadriga charged both the buyer and seller a fee for each transaction on the QCX Platform.

22. *The Proposed Monitor understands that the deposits, trades and withdrawals were recorded in a secure database controlled by Quadriga. Users could view their own account information through the QCX Platform. The Proposed Monitor further understands the database was backed up frequently by Quadriga and the Company continues to hold the database with users' account information (including the amount of Cash and/or cryptocurrency owed to each user).*

23. *Based on discussions with Management, the Proposed Monitor understands Quadriga used payment processors to receive Currency and disburse Currency associated with the trades and or other general operating obligations requiring the use of traditional Currency. The payment processors used by Quadriga include POSconnect Inc., VoPay International Inc., Billerfly Labs Inc., among others (collectively "Third Party Processors"). The Proposed Monitor understands that Quadriga used Third Party Processors because of the general difficultly Quadriga faced in obtaining bank accounts with Canadian banks.*

24. *Further, Quadriga used "wallets" to hold cryptocurrencies deposited by users. A "wallet" is an application that stores public and private keys which interact with one or more blockchains to enable the user to send and receive cryptocurrencies. A wallet also enables a user to monitor their cryptocurrency balance. The public key may be distributed to other users to*

identify their wallet. Only the private key is required to be kept private for security reasons as it is used to authorize the transfer of a cryptocurrency on the appropriate blockchain. Quadriga had "hot" and "cold" wallets which terms are used to describe different types of security. "Hot" wallets are connected to the internet in order to quickly fulfill withdrawal requests. In contrast, "cold" wallets are not connected to the internet and are usually stored physically such as on a USB stick or electronic hardware that is not connected to the internet. The primary benefit of "cold" wallets is that they are not susceptible to hacking.

37. To supplement the background provided to the Court in the Pre-Filing Report, the Monitor believes the following additional background information may be of assistance to the Court.

38. Cryptocurrency wallets are identified on the blockchain utilizing an alphanumeric address commonly referred to as a wallet address. For the cryptocurrencies held by Quadriga, any party with knowledge of a wallet address can access publicly available blockchain records and ascertain the cryptocurrency balance held within a wallet address as well as review all historical transactions received by and transferred out of a wallet address. The information publicly available includes the date and time (in UTC or Universal Coordinated Time) a transaction was confirmed and the corresponding wallet address(es) that cryptocurrency was received from or transferred to. Wallet addresses are pseudonymous and the publicly available information does not directly provide any information with respect to the owner of a wallet. However, there are services which use statistical analysis of network behaviour in an attempt to identify information about owner of a particular wallet. The services tend to have more information with respect to wallet addresses utilized by central cryptocurrency

depositories (such as exchanges) but these services cannot provide absolute certainty with respect to the actual owner of a wallet.

39. While transactional activity and balances in any wallet are publicly available with a wallet address, the ability to transfer the cryptocurrency within the wallet is restricted to individuals holding the required passwords or credentials and in the case of cold wallets, physical custody of the device that the private key of the wallet is stored on.

40. Most cryptocurrency exchanges typically follow a similar structure in which when a user opens an account, the user is provided with a hot wallet address (the "**User Wallet**") to which the user may send cryptocurrency to be received by the exchange. The User Wallet address is typically (although not always) an address that is set up uniquely for a single user. The user's access only allows for transfers to that address. Following depositing cryptocurrency in the User Wallet, the user does not have direct control over the balance and the exchange has custody of the deposited cryptocurrency.

41. Upon receiving cryptocurrency in a User Wallet, the exchange credits the user's exchange platform account with the corresponding quantity of cryptocurrency. The exchange then controls the cryptocurrency in the User Wallet, typically pooling the cryptocurrency deposited by users and moving the cryptocurrency to wallets, both hot and cold, under the exchange's control. With account balances users can place orders for either other cryptocurrency or traditional currency ("**fiat**"). When a user ultimately wants to make a withdrawal of cryptocurrency from their account with the exchange, the user provides instructions to the exchange to send cryptocurrency to a specified wallet outside the exchange's control. The exchange will access its cryptocurrency pooled reserves to fulfill the transaction. Similarly, if a user wants to withdraw fiat, the user would provide bank

account or address information to the exchange. The Monitor understands that Quadriga was generally set up to operate in this manner, however, the Monitor has not yet had direct access to Quadriga's exchange platform to confirm.

Quadriga Cryptocurrency Wallets

42. Following its appointment, the Monitor requested that the Applicants identify all known hot or cold wallets used by Quadriga to store cryptocurrency. In the Affidavit of Jennifer Robertson sworn in support of the initial application (the "**Initial Affidavit**"), Ms. Robertson noted at paragraph 24(g) that "Quadriga keeps only a minimal amount of coins on the server (in a hot wallet). The normal procedure was that Gerry would move the majority of the coins to cold storage as a way to protect the coins from hacking or virtual theft." Accordingly, the Monitor focussed its preliminary review on the Applicants' cold wallets.

43. The Applicants identified to the Monitor six (6) cold wallet addresses which Quadriga used in the past to secure bitcoin (the "**Identified Bitcoin Cold Wallets**"), the primary cryptocurrency traded on the Quadriga platform. The addresses of the Identified Bitcoin Cold Wallets identified by the Applicants are as follows:

(a) 1MhgmGaHwLAvvKVyFvy6zy9pRQFXaxwE9M;

(b) 1JPtxSGoekZfLQeYAWkbhBhkr2VEDADHZB;

(c) 1ECUQLuioJbFZAQchcZq9pggd4EwcpuANe;

(d) 1J9Fqc3TicNoy1Y7tgmhQznWrP5AVLXj9R;

(e) 1HyYMMCdCcHnfjwMW2jE4cv9qVkVDFUzVa; and

(f) 1JZJaDDC44DCKLnezDsbW43Zf8LspCKBYP (the "**Sixth Bitcoin Wallet**").

44. In addition, the Applicants have identified three other wallet addresses which may represent Quadriga cold wallet addresses used to store other cryptocurrencies (the "**Potential Other Cold Wallets**").

45. The Monitor understands that prior to the Filing Date, the Applicants made significant efforts to identify and locate any additional cold wallet addresses or other wallet addresses that may contain cryptocurrency reserves. However, to date, the Applicants have not been able to identify any other wallet addresses that may have been used to store reserves of bitcoin or other cryptocurrencies. The Monitor continues to work with representatives of the Applicants and internal blockchain resources to determine if any other cold wallet addresses or other wallet addresses with cryptocurrency reserves exist.

46. The Monitor has commenced a preliminary review of the transactional activity of the Identified Bitcoin Cold Wallets utilizing public blockchain records. This analysis conducted by the Monitor indicates the following:

(a) From April 2014 to approximately April 2018, aggregate bitcoin month end balances in the Identified Bitcoin Cold Wallets ranged from a low of nil to a peak of approximately 2,776 bitcoin. The average aggregate month end balance over the four-year period was approximately 124 bitcoin. In April 2018, the remaining bitcoin in the Identified Bitcoin Cold Wallets was transferred out bringing the balances down to nil. Other than the Sixth Wallet, there have been no deposits into the Identified Bitcoin Cold Wallets since April 2018 except for the inadvertent transfer of bitcoin by the Applicants as disclosed in the First Report.

(b) Post April 2018, the Sixth Wallet appears to have been used to receive bitcoin from another cryptocurrency exchange account and subsequently transfer the bitcoin to the Quadriga hot wallet. As of the date of the Third Report, the Sixth Wallet contains no cryptocurrency. The last transaction from the Sixth Wallet was initiated on December 3, 2018.

(c) Certain of the bitcoin in the Identified Bitcoin Cold Wallets appear to have been transferred to accounts at other cryptocurrency exchanges. As set out at paragraph 38 of the Third Report it is not possible to ascertain with absolute certainty from public information who the owner of an address is, however, the tools and sources utilized by the Monitor indicate that certain receiving wallet addresses from transactions in the Identified Bitcoin Cold Wallets are wallet addresses associated with identifiable cryptocurrency exchanges. As indicated above, the Monitor has reached out to various cryptocurrency exchanges to identify possible accounts controlled by Quadriga or Mr. Cotten and receive transactional information in respect of any such accounts.

47. The Monitor has made inquiries of the Applicants as to the reason for the lack of cryptocurrency reserves in the Identified Bitcoin Cold Wallets since April 2018. To date, the Applicants have been unable to identify a reason why Quadriga may have stopped using the Identified Bitcoin Cold Wallets for deposits in April 2018, however, the Monitor and Management will continue to review the Quadriga database to obtain further information.

48. The Monitor has recently commenced the process of conducting a similar analysis of the addresses for the Potential Other Cold Wallets. This analysis will take further time to

complete. However, the Monitor has confirmed that as at the date of the Third Report, the Potential Other Cold Wallets contain no cryptocurrency.

49. In addition, the First Report and Second Report provided an update on cryptocurrency balances held as at the Filing Date in Quadriga's hot wallet addresses and balances that were transferred to the Identified Bitcoin Cold Wallets and to a cold storage wallet address under the control of the Monitor. The Monitor will commence a review of balances previously held in Quadriga's known hot wallet addresses, however this analysis will take more time.

Identified Accounts

50. During interviews with the Applicants' representatives, the Monitor was advised of fourteen (14) user accounts that may have been created outside the normal process by Quadriga (the "**Identified Accounts**"). It appears that the Identified Accounts were created under various aliases. The Monitor was advised by a representative of the Applicants that the Identified Accounts were internally created without a corresponding customer and used to trade on the Quadriga platform. The Monitor was further advised that deposits into certain of the Identified Accounts may have been artificially created and subsequently used for trading on the Quadriga platform.

51. The Monitor has requested and received detailed transactional histories for the Identified Accounts. The account information that has been provided indicates a significant volume of transaction activity associated with the Identified Accounts including trading and withdrawals of cryptocurrency to wallet addresses not associated with Quadriga.

52. The Monitor's review of the Identified Accounts is in a preliminary stage. The Monitor needs further time to analyze the transactional history of the Identified Accounts to determine

whether additional Identified Accounts exist, whether the deposits into the Identified Accounts were in fact artificial, how the accounts were used, the extent of net withdrawals from the Quadriga reserves and whether recipients of withdrawals can be identified.

Other Cryptocurrency Exchanges

53. Representatives of the Applicants have advised the Monitor that accounts have been identified at three different exchanges that are believed to have been operated by Quadriga or Mr. Cotten. The Monitor has been provided with transaction histories for these accounts. The Monitor understands that the transactional information was obtained by the Applicants as a result of logging onto these accounts using credentials found in Mr. Cotten's emails or other internal Quadriga emails or records. As mentioned above, blockchain records associated with the Identified Bitcoin Cold Wallets also indicate that certain cryptocurrency under Quadriga's control was transferred to other exchanges.

54. One of the exchanges identified by the Applicants has independently responded to the Monitor's request for information as set out in paragraph 19 of the Third Report. The exchange provided a transaction history for the account that is consistent with the transaction history provided by the representative of the Applicants.

55. The Monitor notes that its investigation into the exchange accounts is at a preliminary stage. At this point, the Monitor has not been able to determine the source of the deposits into any of the exchange accounts or where the cryptocurrency was transferred to. Efforts are underway to attempt to preserve and recover any Quadriga cryptocurrency, if any, located at other exchanges.

Quadriga Platform Database

56. As mentioned above, the Monitor has made efforts to attempt to secure the Platform Data and has requested the assistance of the Applicants in obtaining a copy of the Platform Data. The Monitor has been advised and understands that the Platform Data includes user account balances and transaction information but does not include accounting records or a ledger reconciling the account balances to cryptocurrency or fiat under Quadriga's control. While efforts to obtain access to the full database are still underway, the Applicants have provided a number of informational extracts. These extracts include customer account information used by the Monitor to send the notices required under the Initial Order as well as information in respect of the Identified Accounts.

57. The Monitor understands from the Applicants that the Platform Data is stored in the cloud with Amazon Web Services, Inc. ("**AWS**"). Independent of the request of the Applicants for a copy of the Platform Data, the Monitor made a request of AWS to provide a separate copy of the Platform Data.

58. The Monitor understands from discussions with AWS that the contract and account with AWS (the "**AWS Account**") are not in Quadriga's name. The AWS Account appears to be in the name of Mr. Cotten personally and there is possibly another account in the name of the principal of Billerfly Labs Inc., Mr. Jose Reyes. Copies of recent invoices associated with the AWS Account are attached to the Third Report as **Appendix "C"**.

59. Due to the account being a personal account in the name of Mr. Cotten, AWS has indicated that it is unable to provide the Monitor with access to the AWS Account to permit a copy of the data that it is hosting to be secured. Further, AWS indicated to the Monitor that a consent

from Ms. Robertson, as estate trustee for Mr. Cotten, was not sufficient for AWS to provide access to the AWS Account to the Monitor. As result, the Monitor is requesting the Court grant an order authorizing and directing AWS to provide the Applicants and the Monitor with full and complete access to the AWS Account and any other accounts in name of the Applicants and Mr. Cotten. Counsel to AWS and Ms. Robertson have been provided with copies of the draft order to be requested by the Monitor and will be served with the Third Report.

60. The Monitor believes it is imperative that a copy of the Quadriga Platform Data is backed up and secured with the Monitor as soon as possible. The Platform Data will assist the Monitor's ongoing investigation into Quadriga's business, affairs and potential assets that may be recoverable for the benefit of the Applicants' stakeholders. The Monitor also notes that though the Platform Data may be copied from AWS, the Monitor still requires software and other information from the Applicants in order to analyze and review any Platform Data stored by AWS. Further, if there are other AWS accounts in the names of parties such as Mr. Jose Reyes, further relief from the Court may be necessary if a consensual solution with AWS and the other party cannot be reached.

THE CHIEF RESTRUCTURING OFFICER AND GOVERNANCE ISSUES

61. As set out in the Robertson Affidavit, Ms. Robertson is acting as the executor of the estate of Mr. Cotten and was appointed as a director of each of the Applicants between January 25,

2019 and January 27, 2019, along with her step-father, Mr. Thomas Beazley. Ms. Robertson is also represented by the same counsel as the Applicants in these CCAA proceedings.

62. The materials filed by the Applicants in support of the motion for an extension of the stay of proceedings and appointment of Chief Restructuring Officer ("**CRO**") note:

(a) "[T]he public attention my role as director has brought is unwarranted, and online commentary which I have reviewed has suggested that I, in particular, am trying to hide assets or am acting contrary to the best interests of the Companies, which is not true." (Affidavit of Jennifer Robertson sworn February 25, 2019 at para. 11); and

(b) "[T]he independence of the CRO would ensure that the interests of all stakeholders are protected and that any alleged concerns in relation to Ms. Robertson's continued day-to-day involvement with the Companies would be addressed" (Bench Brief dated February 25, 2019 at p. 9).

63. The Applicants have sought the appointment of a CRO, in part, to address some of the identified governance issues. In the Pre-Filing Report, the Monitor noted the potential the appointment of a CRO and continues to see some benefit of having someone independent of Ms. Robertson and Mr. Beazley being responsible for making decisions on behalf of the Applicants in these CCAA proceedings. In order for the Monitor's ongoing investigation to proceed appropriately, without any conflict or appearance of any conflict, the Monitor needs to be able to communicate with the Applicants in an appropriate manner and at an appropriate time. If a CRO is appointed, a structure and protocols could be implemented to ensure only the CRO, as an independent representative of the Applicants, receives full and immediate

updates on the Monitor's ongoing efforts and findings. The Monitor will consult with the Applicants and Representative Counsel in respect of such protocols.

64. The Monitor notes that the proposed appointment of the CRO provides that the Applicants through the CRO would be in charge of any ongoing investigations in respect of the Applicants' business, affairs and assets. As previously indicated to the Court, the Monitor intended to carry out that investigation which has already commenced as set out above. With the appointment of a CRO, the CRO would be able to receive updates from the Monitor regarding the investigation and participate or consult with the Monitor, as necessary, provided that appropriate protocols are in place. However, the Monitor does not believe that it is necessary or appropriate to incur the cost or delay of having the CRO duplicating the Monitor's investigation efforts or restarting the investigations through an alternative process at this time.

STAY EXTENSION REQUEST

65. Pursuant to the Initial Order, the stay of proceedings in respect of the Applicants expires on March 7, 2019. The Applicants have requested an extension of the stay of proceedings for a period of either 45 days or 60 days. The Monitor is of the view that an extension of the stay of proceedings is appropriate and the Applicants have worked with due diligence and in good faith since the Filing Date.

66. Representative Counsel has informed the Applicants and the Monitor that it believes the stay of proceedings should only be extended for 30 days at this time and any extension should be without prejudice to Representative Counsel's right to seek relief to vary or amend the Initial Order given that the Committee of Affected Users has not been appointed.

67. The Monitor does note that the Representative Counsel will be able to take a more active role in the CCAA proceedings once the Committee of Affected Users has been appointed and Representative Counsel is able to receive instructions from the committee. The Monitor believes the issue can be resolved by granting one of the requests of Representative Counsel - either only a 30-day extension of the stay of proceedings or clarification that the extension of the stay of proceedings for 45 days or 60 days is without prejudice to Representative Counsel's right to amend or vary the requested relief once the Committee of Affected Users is appointed.

CASH FLOW FORECAST

Cash Flow Projection Variance Analysis

68. Attached as **Appendix "D"** to the Third Report is a variance analysis comparing the Applicants actual cash flow for the four-week period February 5, 2019 to March 1, 2019 (the "**Period**") to the cash flow projection included within the Pre-Filing Report.

69. Actual cash receipts during the Period totalled $25,681,269 compared with forecast receipts of $31,840,817 resulting in an unfavourable variance of $6,159,548. The Period variance is comprised of:

(a) $254,180 positive permanent variance attributable to the identification and collection of proceeds from a previously unidentified bank account;

(b) $589,388 negative timing variance relating to uncollected Third Party Processor receivables. Demands for the return of funds have been issued however the timing and quantum of future collections remains uncertain;

(c) $5,824,340 negative timing variance associated with the endorsement and deposit of the Bulk Drafts. The Applicants are actively pursuing the assignment and endorsement of the Bulk Drafts in favour of the Monitor.

70. Period disbursements from the Disbursement Account totalled $953,230 including $778,214 transferred to the separate account for the Disputed Amount pursuant to the terms of the Banking Arrangements Order. Actual disbursements from the estate accounts totalled $175,016 compared with forecast disbursements of $939,047 resulting in a favourable variance of $764,031. The favourable variance is primarily comprised of:

(a) $65,604 positive permanent variance arising from an initial overestimate of independent contractor fees for the Period;

(b) $300,000 positive timing variance associated with the repayment of the interim funding provided by Jennifer Robertson;

(c) $60,959 negative permanent variance related to the payment of personal funds to Mr. Reyes pursuant to the Banking Arrangements Order which had not been initially forecast; and

(d) $410,000 positive temporary variance relating to professional fee disbursements.

Revised Cash Flow Projection

71. The Applicants, with the assistance of the Monitor, have prepared a revised cash flow forecast incorporating actual results for the Period and projected results for the thirteen-week period ending May 31, 2019 (the "**Amended Cash Flow**"). The Amended Cash Flow is attached to the Third Report as **Appendix "E"**. The Amended Cash Flow has been prepared

by management for the purpose described in the accompanying notes using probable and hypothetical assumptions set out therein.

72. The Monitor's review of the Amended Cash Flow consisted of inquiries, analytical procedures and discussions related to information supplied to us by management. Since hypothetical assumptions need not be supported, our procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Amended Cash Flow.

73. Based on the Monitor's review, nothing has come to its attention that causes the Monitor to believe that, in all material respects:

    (a) The hypothetical assumptions are not consistent with the purpose of the Amended Cash Flow;

    (b) As at the date of this Third Report, the probable assumptions developed by Management are not suitably supported and consistent with the Applicants' plans or do not provide a reasonable basis for the Amended Cash Flow, given the hypothetical assumptions; and

    (c) The Amended Cash Flow does not reflect the probable and hypothetical assumptions.

74. Since the Amended Cash Flow is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur and the variations may be material. Accordingly, the Monitor expresses no assurance as to whether the Amended Cash Flow will be achieved. The Monitor further expresses no opinion or other form of assurance with respect to the accuracy of any financial information presented in this Third Report.

75. The Amended Cash Flow has been prepared solely for the purpose described in the notes accompanying the Amended Cash Flow and readers are cautioned that it may not be appropriate for other purposes.

MONITOR'S RECOMMENDATIONS

76. Subject to the comments above regarding the appointment of the CRO and the extension of the stay of proceedings, the Monitor supports the relief sought by the Applicants.

77. The Monitor further requests that the Court grant relief authorizing and directing AWS to provide access to the AWS Account to the Monitor and the Applicants.

All of which is respectfully submitted this 1st day of March 2019.

ERNST & YOUNG INC.
In its capacity as the Court-appointed Monitor
in the matter of the proposed compromise and arrangement of
Quadriga Fintech Solutions Corp, Whiteside Capital Corporation and 0984750 B.C. Ltd.

George Kinsman, CPA, CA, CIRP, LIT
Senior Vice President

APPENDIX “E”

2019

SUPREME COURT
OF NOVA SCOTIA
SEP 10 2019
HALIFAX, N.S.

Province of Nova Scotia
Division No. 01-Halifax
Court No. 43213
Estate No. 51-2499072

SUPREME COURT NOVA SCOTIA · FORTIS ARMA DOMI CONSILIUM ·

IN THE SUPREME COURT OF NOVA SCOTIA
IN BANKRUPTCY

IN THE MATTER OF THE BANKRUPTCY OF
QUADRIGA FINTECH SOLUTIONS CORP.

ORDER
(Re: Transfer of Proceedings)

Sgd.
DAJ, J.

BEFORE THE HONOURABLE JUSTICE DARLENE JAMIESON

UPON MOTION, in the proceedings of Quadriga Fintech Solutions Corp. ("**Fintech**") under the *Bankruptcy and Insolvency Act* (Canada) ("**BIA**"), by Ernst & Young Inc. ("**EY**"), in its capacity as the trustee in bankruptcy of Fintech (the "**Trustee**") for an order transferring the jurisdiction of the proceedings to the Ontario Superior Court of Justice (Commercial List) (the "**Ontario Court**").

UPON READING the Second Report of the Trustee dated August 26, 2019;

AND UPON HEARING the submissions of counsel to the Trustee, Representative Counsel of the Affected Users and such other individuals who appeared and were heard on the Motion;

IT IS HEREBY ORDERED AND DECLARED THAT:

Service

1. If necessary, the time of service of the Notice of Motion and the Motion Record and supporting documents are hereby abridged and service is hereby deemed adequate notice so that the Motion is properly returnable today and that any further service of the Notice of Motion and the Motion Record is hereby dispensed with.

IN THE SUPREME COURT OF NOVA SCOTIA
I hereby certify that the foregoing document, identified by the Seal of the Court, is a true copy of the original document on file herein.
Dated the 10th day of Sept. A.D., 2019

Deputy Prothonotary

Transfer of the Proceedings

2. These proceedings under the BIA in respect of Fintech (the "**BIA Proceedings**") shall be transferred from the Supreme Court of Nova Scotia to the Ontario Court and the new district of administration for the BIA Proceedings shall be Ontario. The Ontario Court may seize any matter related to or ancillary to the BIA Proceedings.

3. The Registrar of the Supreme Court of Nova Scotia shall, in accordance with Rule 10 of the BIA General Rules, send the court files in relation to the BIA Proceedings to the Registrar of the Ontario Court.

General

4. The aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction outside of Nova Scotia, including the United States, is requested to give effect to this Order and to assist the Applicants, the Trustee and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and the Trustee, as an officer of this Court, as may be necessary or desirable to give effect to this Order, or to assist the Applicants and the Trustee and their respective agents in carrying out the terms of this Order.

Dated this 10th day of September, 2019.

Deputy Prothonotary

LAUREL PAUL
Deputy Prothonotary

2019

SUPREME COURT
OF NOVA SCOTIA
SEP 1 0 2019
HALIFAX, N.S.

Province of Nova Scotia
Division No. 01-Halifax
Court No. 43211
Estate No. 51-2498985

SUPREME COURT NOVA SCOTIA
FORIS ARMA DOMI CONSILIUM

IN THE SUPREME COURT OF NOVA SCOTIA
IN BANKRUPTCY

IN THE MATTER OF THE BANKRUPTCY OF
WHITESIDE CAPITAL CORPORATION

ORDER
(Re: Transfer of Proceedings)

Sgd.
DAJ, J.

BEFORE THE HONOURABLE JUSTICE DARLENE JAMIESON

UPON MOTION, in the proceedings of Whiteside Capital Corporation ("**Whiteside**") under the *Bankruptcy and Insolvency Act* (Canada) ("**BIA**"), by Ernst & Young Inc. ("**EY**"), in its capacity as the trustee in bankruptcy of Whiteside (the "**Trustee**") for an order transferring the jurisdiction of the proceedings to the Ontario Superior Court of Justice (Commercial List) (the "**Ontario Court**").

UPON READING the Second Report of the Trustee dated August 26, 2019;

AND UPON HEARING the submissions of counsel to the Trustee, Representative Counsel of the Affected Users and such other individuals who appeared and were heard on the Motion;

IT IS HEREBY ORDERED AND DECLARED THAT:

Service

1. If necessary, the time of service of the Notice of Motion and the Motion Record and supporting documents are hereby abridged and service is hereby deemed adequate notice so that the Motion is properly returnable today and that any further service of the Notice of Motion and the Motion Record is hereby dispensed with.

IN THE SUPREME COURT OF NOVA SCOTIA
I hereby certify that the foregoing document, identified by the Seal of the Court, is a true copy of the original document on file herein.
Dated the 10th day of Sept. A.D., 2019
Deputy Prothonotary

Transfer of the Proceedings

2. These proceedings under the BIA in respect of Whiteside (the "**BIA Proceedings**") shall be transferred from the Supreme Court of Nova Scotia to the Ontario Court and the new district of administration for the BIA Proceedings shall be Ontario. The Ontario Court may seize any matter related to or ancillary to the BIA Proceedings.

3. The Registrar of the Supreme Court of Nova Scotia shall, in accordance with Rule 10 of the BIA General Rules, send the court files in relation to the BIA Proceedings to the Registrar of the Ontario Court.

General

4. The aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction outside of Nova Scotia, including the United States, is requested to give effect to this Order and to assist the Applicants, the Trustee and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and the Trustee, as an officer of this Court, as may be necessary or desirable to give effect to this Order, or to assist the Applicants and the Trustee and their respective agents in carrying out the terms of this Order.

Dated this 10th day of September, 2019.

Deputy Prothonotary

LAUREL PAUL
Deputy Prothonotary

2019

SUPREME COURT OF NOVA SCOTIA
SEP 10 2019
HALIFAX, N.S.

Province of Nova Scotia
Division No. 01-Halifax
Court No. 43212
Estate No. 51-2498986

SUPREME COURT NOVA SCOTIA · FORIS ARMA DOMI CONSILIUM ·

IN THE SUPREME COURT OF NOVA SCOTIA
IN BANKRUPTCY

IN THE MATTER OF THE BANKRUPTCY OF 0984750 B.C. LTD. D/B/A QUADRIGA CX AND QUADRIGA COIN EXCHANGE

ORDER
(Re: Transfer of Proceedings)

Sgd.
DAJ, J. **BEFORE THE HONOURABLE JUSTICE DARLENE JAMIESON**

UPON MOTION, in the proceedings of 0984750 B.C. Ltd. d/b/a Quadriga CX and Quadriga Coin Exchange ("**Quadriga**") under the *Bankruptcy and Insolvency Act* (Canada) ("**BIA**"), by Ernst & Young Inc. ("**EY**"), in its capacity as the trustee in bankruptcy of Quadriga (the "**Trustee**") for an order transferring the jurisdiction of the proceedings to the Ontario Superior Court of Justice (Commercial List) (the "**Ontario Court**").

UPON READING the Second Report of the Trustee dated August 26, 2019;

AND UPON HEARING the submissions of counsel to the Trustee, Representative Counsel of the Affected Users and such other individuals who appeared and were heard on the Motion;

IT IS HEREBY ORDERED AND DECLARED THAT:

Service

1. If necessary, the time of service of the Notice of Motion and the Motion Record and supporting documents are hereby abridged and service is hereby deemed adequate notice so that the Motion is properly returnable today and that any further service of the Notice of Motion and the Motion Record is hereby dispensed with.

IN THE SUPREME COURT OF NOVA SCOTIA
I hereby certify that the foregoing document, identified by the Seal of the Court, is a true copy of the original document on file herein.
Dated the 10th day of September A.D., 2019
Deputy Prothonotary

Transfer of the Proceedings

2. These proceedings under the BIA in respect of Quadriga (the "**BIA Proceedings**") shall be transferred from the Supreme Court of Nova Scotia to the Ontario Court and the new district of administration for the BIA Proceedings shall be Ontario. The Ontario Court may seize any matter related to or ancillary to the BIA Proceedings.

3. The Registrar of the Supreme Court of Nova Scotia shall, in accordance with Rule 10 of the BIA General Rules, send the court files in relation to the BIA Proceedings to the Registrar of the Ontario Court.

General

4. The aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction outside of Nova Scotia, including the United States, is requested to give effect to this Order and to assist the Applicants, the Trustee and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and the Trustee, as an officer of this Court, as may be necessary or desirable to give effect to this Order, or to assist the Applicants and the Trustee and their respective agents in carrying out the terms of this Order.

Dated this 10th day of September, 2019.

Deputy Prothonotary

LAUREL PAUL
Deputy Prothonotary

TAB 3

Court File No. CV-19-627184-00CL
CV-19-627185-00CL
and CV-19-627186-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF THE BANKRUPTCY OF QUADRIGA FINTECH SOLUTIONS CORP., WHITESIDE CAPITAL CORPORATION AND 0984750 B.C. LTD. D/B/A QUADRIGA CX AND QUADRIGA COIN EXCHANGE

AFFIDAVIT OF JENNIFER ROBERTSON
(SWORN OCTOBER 3, 2019)

I, Jennifer Kathleen Margaret Robertson, of Fall River, Halifax Regional Municipality, in the Province of Nova Scotia, **MAKE OATH AND SAY:**

1. I am the widow of Gerald William Cotten ("**Gerry**") and a former director of Quadriga Fintech Solutions Corp. ("**Fintech**"), Whiteside Capital Corporation ("**Whiteside**") and 0984750 B.C. Ltd. d/b/a Quadriga CX and Quadriga Coin Exchange ("**Quadriga**" and collectively, the "**Companies**"). As such, I have personal knowledge of the matters deposed to in this affidavit, except where indicated otherwise.

2. I swear this affidavit in support of the motion of Ernst & Young Inc., in its capacity as the trustee-in-bankruptcy of the Companies (the "**Trustee**"), for an order (the "**Approval Order**") approving the settlement agreement dated October 3, 2019 between the Trustee, myself, myself in my capacity as the executor of Gerry's estate (the "**Estate**"), Thomas Beazley, and certain other entities party thereto (the "**Settlement Agreement**"). In particular, this affidavit supports the relief sought by the Trustee in the Approval Order which sets aside and voids certain transactions as against the Trustee.

3. Capitalized terms in this affidavit not otherwise defined herein have the meaning ascribed within the Settlement Agreement.

BACKGROUND

4. On December 9, 2018, my husband (Gerry) passed away while travelling in India. He was previously the chief executive officer and sole director of each of the Companies.

5. Following his death, in January, 2019 I was appointed as a director of each of the Companies along with my step-father, Thomas Beazley, and Jack Martel. The Companies were experiencing various liquidity issues and a decision was made to seek creditor protection under the *Companies' Creditors Arrangement Act* (the "**CCAA**"). Ernst & Young Inc. was appointed as monitor of the Companies (the "**Monitor**") by the Nova Scotia Supreme Court. The Companies were subsequently assigned into bankruptcy and Ernst & Young Inc. consented to act as Trustee.

6. During the CCAA proceedings, the Monitor reported on its investigation into the business and affairs of the Companies and activities of my late husband. The reports also indicated that the Trustee intended to pursue my assets, the assets of the Estate, assets of certain entities wholly owned by myself (the "**Robertson Controlled Entities**") and assets of certain entities wholly owned by the Estate (the "**Gerry Controlled Entities**"). The Robertson Controlled Entities and Gerry Controlled Entities form the Controlled Entities under the Settlement Agreement.

7. Following the issuance of the Monitor's Fifth Report dated June 19, 2019 which disclosed significant new information about the activities of the Companies and Gerry, I presented a settlement offer to the Trustee through my counsel whereby the majority of my assets, the Estate's assets and assets of the Controlled Entities would be returned to the Trustee for the benefit of the Quadriga estate. Following significant negotiations with the Trustee through my counsel, we were able reach an agreement as set out in the Settlement Agreement.

TRANSFERS AT UNDERVALUE

8. I understand the Approval Order sought by the Trustee requests the Court to set aside and void certain transactions as against the Trustee with respect to the Settlement Assets. In support of the relief sought by the Trustee I confirm the following:

(a) Gerry and I did not act as arm's length parties with the Companies while they were operating, and the Companies were controlled by Gerry prior to his death;

(b) All of my property which is being returned as part of the Settlement Agreement (i.e. the Robertson Settlement Assets) and the property of the Robertson Controlled Entities, including the Controlled Entities Settlement Assets owned by the Robertson Controlled Entities, was either (i) transferred by Quadriga or Gerry to myself or the Robertson Controlled Entities; or (ii) acquired using property, or proceeds from property, transferred by Quadriga or Gerry to myself or the Robertson Controlled Entities. As I only met Gerry in November 2014, the original property transferred by Quadriga to myself or the Robertson Controlled Entities all occurred within the five (5) years prior to the Companies filing for CCAA protection;

(c) To the best of my knowledge, all of Gerry's property (now the Estate's property) and the property of the Gerry Controlled Entities, was sourced from Quadriga as Gerry did not have any other significant sources of income from the time that I first met him. Based on that understanding, I believe that all of the Estate's property, including the Estate Settlement Assets, and the property of the Gerry Controlled Entities, including the Controlled Entities Settlement Assets owned by the Gerry Controlled Entities, was either (i) transferred by Quadriga directly to Gerry or the Gerry Controlled Entities; or (ii) acquired using property, or proceeds from property, transferred by Quadriga to Gerry or the Gerry Controlled Entities;

(d) The Robertson Controlled Entities and I did not provide Quadriga with any consideration for the property transferred to the Controlled Entities or myself;

(e) To the best of my knowledge, after reviewing the reports of the Monitor, gathering information in my capacity as director of the Companies and having reviewed and discussed this new factual information with my counsel, it is my belief and understanding that Gerry and the Gerry Controlled Entities did not provide Quadriga with any consideration for the property transferred other than

possibly on account of compensation for his role as chief executive officer of the Companies of which I have no knowledge; and

(f) I met Gerry in November 2014 and at that time I understood that Quadriga was a relatively small company and Gerry did not have a significant amount of assets at that time, other than personal cryptocurrency assets that he advised me were held on the Quadriga platform. Based on that understanding, I believe that the significant majority, if not all, of the property currently owned by the Estate or the Gerry Controlled Entities originated from Quadriga having been transferred to Gerry or the Gerry Controlled Entities within the five (5) years prior to the Companies filing for CCAA protection.

9. I swear this affidavit in support of the Approval Order and for no other improper purpose.

SWORN BEFORE ME in the Halifax Regional Municipality, Province of Nova Scotia, on October 3, 2019

Commissioner for taking affidavits

Richard Niedermayer
A Barrister of the Supreme Court of Nova Scotia

Jennifer Robertson

IN THE MATTER OF THE BANKRUPTCY OF QUADRIGA FINTECH SOLUTIONS CORP., WHITESIDE CAPITAL CORPORATION, AND 0984750 B.C. LTD. D/B/A QUADRIGA CX AND QUADRIGA COIN EXCHANGE

Court File No. CV-19-627184-00CL
CV-19-627185-00CL
and CV-19-627186-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceeding commenced at Toronto

AFFIDAVIT OF JENNIFER ROBERTSON
(SWORN OCTOBER 3, 2019)

STEWART MCKELVEY
Suite 900, Purdy's Wharf Tower One
1959 Upper Water St.
Halifax, N.S.
B3J 3N2

Richard Niedermayer
Tel: 902.420.3339
Email: rniedermayer@stewartmckelvey.com
Fax: 902.420.1417

TAB 4

Court File No. & Estate No. CV-19-627184-00CL (31-2560674)
CV-19-627185-00CL (31-2560984)
and CV-19-627186-00CL (31-2560986)

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE MR.	)	WEDNESDAY, THE 16th
	)	
JUSTICE HAINEY	)	DAY OF OCTOBER 2019

IN THE MATTER OF THE BANKRUPTCY OF QUADRIGA FINTECH SOLUTIONS CORP., WHITESIDE CAPITAL CORPORATION AND 0984750 B.C. LTD. D/B/A QUADRIGA CX AND QUADRIGA COIN EXCHANGE

ORDER
(Settlement Approval Order)

THIS MOTION, made by the Trustee, Ernst & Young Inc. ("**EY**"), in its capacity as the trustee-in-bankruptcy of 0984750 B.C. Ltd. d/b/a Quadriga CX and Quadriga Coin Exchange ("**Quadriga**"), Quadriga Fintech Solutions Corp. ("**Fintech**") and Whiteside Capital Corporation ("**Whiteside**") (collectively, the "**Companies**") under the *Bankruptcy and Insolvency Act* (Canada) (the "**Trustee**"), for an order (the "**Approval Order**"), *inter alia*, approving the Settlement Agreement dated October 3, 2019 (the "**Settlement Agreement**") between the Trustee, Jennifer Robertson ("**Robertson**"), Robertson, in her capacity as the executor of the estate of Gerald Cotten (the "**Estate**"), Thomas Beazley ("**Beazley**") and the Controlled Entities (as defined by the Settlement Agreement) (collectively with Robertson, the Estate and Beazley, the "**Settling Parties**"), which is appended hereto as Schedule "A", was heard on October 16, 2019 at the court house, 330 University Avenue, Toronto, Ontario, M5G 1R7.

ON READING the Fourth Report of the Trustee dated October 7, 2019 and the affidavit of Jennifer Robertson sworn October 3, 2019, and on hearing the submissions of the lawyers for Trustee and Representative Counsel, Jennifer Robertson and other interested parties, no one appearing for any other party although duly served as appears from the affidavit of service of ●, filed.

DEFINITIONS

1. **THIS COURT ORDERS** that all capitalized terms not otherwise defined in this Approval Order shall have the respective meanings ascribed to them in the Settlement Agreement.

SETTLEMENT AGREEMENT

2. **THIS COURT ORDERS** that the Settlement Agreement is hereby approved.

3. **THIS COURT ORDERS** that the Trustee is hereby authorized and directed *nunc pro tunc* to execute the Settlement Agreement and is further authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable in order to complete the transactions contemplated by the Settlement Agreement.

4. **THIS COURT ORDERS** that, on behalf of the Official Committee, Representative Counsel is hereby authorized and directed *nunc pro tunc* to execute the Settlement Agreement for the sole purpose of agreeing to sections 6.2 and 6.5(1) of the Settlement Agreement.

5. **THIS COURT ORDERS** that, as soon as practicable following the Effective Date, the Trustee shall be authorized and directed to serve on the service list in this proceeding and post on the website established by the Trustee in respect of this proceeding a certificate in the form

attached hereto as Schedule "B" (the "**Trustee's Certificate**"), signed by the Trustee, certifying that the Effective Date has occurred. The Trustee shall file the Trustee's Certificate with this Court as soon as reasonably practicable.

6. **THIS COURT ORDERS** that upon the Effective Date, the Settlement Agreement including, without limitation, the transactions, transfers, releases, compromises and injunctions provided for therein, shall be in full force and effect and binding on the Trustee, the Companies, Robertson, the Estate, Beazley, the Controlled Entities and the Affected Users, including their respective heirs, administrators, executors, legal personal representatives, successors and assigns.

SETTLEMENT ASSETS

7. **THIS COURT ORDERS AND DECLARES** that any and all transfers or conveyances of the Settlement Assets to the Settling Parties are "transfers at undervalue" as defined in section 2(1) of the BIA and are hereby voided and set aside as against the Trustee, and any and all right, title and interest to the Settlement Assets of the Settling Parties shall be property of the Quadriga estate vested in the Trustee.

8. **THIS COURT ORDERS AND DECLARES** that, to the extent any Settlement Assets were not transferred to the Settling Parties by the Companies:

(a) such Settlement Assets (i) were acquired with assets and/or property originally transferred by the Companies; or (ii) accrued from income generated or earned in respect of the assets and/or property transferred by the Companies or assets and/or property acquired with assets and/or property originally transferred by the Companies;

(b) the original transfers or conveyances of assets and/or property by the Companies are "transfers at undervalue" as defined in section 2(1) of the BIA and are hereby voided and set aside as against the Trustee; and

(c) in accordance with section 98(1) of the BIA, any and all right, title and interest to such Settlement Assets of the Settling Parties shall be the property of the Quadriga estate vested in the Trustee.

9. **THIS COURT ORDERS** that, notwithstanding:

(a) the pendency of these proceedings;

(b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of any of the Settling Parties and any bankruptcy order issued pursuant to any such applications; and

(c) any assignment in bankruptcy made in respect of the Settling Parties;

the transfer of Settlement Assets in accordance with this Approval Order and the Settlement Agreement to the name of the Quadriga estate vested in the Trustee pursuant to the Settlement Agreement and this Approval Order shall be binding on any trustee-in-bankruptcy that may be appointed in respect of the Settling Parties and shall not be void or voidable by creditors of the Settling Parties, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

RELEASES AND INJUNCTIONS

10. **THIS COURT ORDERS** that the compromises, releases, and injunctions set out in section 6 of the Settlement Agreement are hereby approved and shall be binding and effective as at the Effective Date in accordance with and subject to the Settlement Agreement.

11. **THIS COURT ORDERS** that, in accordance with and subject to the Settlement Agreement, upon the Effective Date and subject to section 6.4 of the Settlement Agreement, the Trustee and the Companies' estates hereby release and forever discharge the Settling Parties of and from any and all Released Claims.

12. **THIS COURT ORDERS AND DECLARES** that the Official Committee has the authority under the Representative Counsel Order and is authorized to bind Affected Users to sections 6.2 and 6.5(1) of the Settlement Agreement. In doing so, the Official Committee shall incur no liability or obligation and shall have all of the protections afforded to the Official Committee under the Representative Counsel Order and other court orders granted in this proceeding.

13. **THIS COURT ORDERS** that in accordance with and subject to the Settlement Agreement, upon the Effective Date and subject to section 6.4 of the Settlement Agreement, the Official Committee of Affected Users hereby releases and forever discharges the Settling Parties of and from any and all Released Claims of the Affected Users.

14. **THIS COURT ORDERS** that, in accordance with and subject to the Settlement Agreement, upon the Effective Date, the Settling Parties hereby release and forever discharge (a) the Companies' estates and the Trustee of and from any and all Claims in any way related or

connected to the Settlement Assets, the amounts owing for loans made by any one of them to the Companies including the loan made by Robertson to the Companies secured by the general security agreement dated January 29, 2019, Cotten's employment with the Companies, and any indemnity obligations of the Companies except as contained in section 4.3(2) of the Settlement Agreement, and (b) all rights and Claims to the Settlement Assets, including any title or possessory Claims to the Settlement Assets. For greater certainty, the Settling Parties shall not be entitled to file a proof of claim in this proceeding against the Companies' estates in respect of any Claim that the Settling Parties may have against the Companies.

15. **THIS COURT ORDERS** that, in accordance with and subject to the Settlement Agreement, including section 6.4 thereof, upon the Effective Date and thereafter, the Trustee and the Affected Users shall not commence, institute, continue, participate in, maintain or assert, either directly or indirectly, whether in Canada or elsewhere, on their own behalf or on behalf of any other Entity or person any Claims against the Settling Parties in any way related or connected to the Released Claims or against any Entity or person who may claim contribution or indemnity, or other Claims over relief, from any of Robertson, the Estate, the Controlled Entities or Beazley in respect of such Released Claims. Subject to the Settlement Agreement, including section 6.4 thereof, upon the Effective Date and thereafter, all Released Claims which could have been asserted by the Trustee and/or the Affected Users against the Settling Parties are barred, prohibited and enjoined in accordance with the terms of the Settlement Agreement.

16. **THIS COURT ORDERS** that, in accordance with and subject to the Settlement Agreement, upon the Effective Date and thereafter, the Settling Parties, shall not now or hereafter commence, institute, continue, participate in, maintain or assert, either directly or indirectly, whether in Canada or elsewhere, on their own behalf or on behalf of any other Entity or person any

Claims against the Trustee or the Companies in any way related or connected to the Settlement Assets, the amounts owing for loans made by any one of them to the Companies, including the loan made by Robertson to the Companies secured by the general security agreement dated January 29, 2019, and Cotten's employment with the Companies, any indemnity obligations of the Companies except as contained in the Settlement Agreement or person who may claim contribution or indemnity, or other Claims over relief, from any of the Trustee or the Companies in respect of such Claims. All Claims which could have been asserted by the Settling Parties against the Companies or the Trustee in any way related or connected to the Settlement Assets, the amounts owing for loans made by any one of them to the Companies, including the loan made by Robertson to the Companies secured by the general security agreement dated January 29, 2019, Cotten's employment with the Companies, and any indemnity obligations of the Companies except as contained in the Settlement Agreement, are barred, prohibited and enjoined in accordance with the terms of the Settlement Agreement.

ASSET PRESERVATION ORDER

17. **THIS COURT ORDERS** that upon the Effective Date, the Asset Preservation Order shall be amended and varied by deleting paragraphs 1 – 11 and 14.

18. **THIS COURT ORDERS** that Stewart McKelvey is authorized and directed to take such steps and actions as may required to implement the Settlement Agreement, including distributing any Assets in the Preservation Accounts (as defined by the Asset Preservation Order) or otherwise in its possession (a) to the Trustee if Settlement Assets under the Settlement Agreement; and (b) to the applicable Settling Party if Excluded Assets under the Settlement Agreement.

19. **THIS COURT ORDERS** that, to the extent not already completed pursuant to the Asset Preservation Order, Royal Bank of Canada, TD Bank Group, The Bank of Nova Scotia, BMO Financial Group, Canadian Imperial Bank of Commerce, Canadian Tire Bank, Canadian Western Bank, East Coast Credit Union, Questrade Financial Group Inc. and Manulife Financial Corporation (collectively, the "**Banks**") shall disclose and deliver to the Trustee any and all records and statements held by the Banks concerning Robertson's, the Estate's and/or the Controlled Entities' assets and accounts, including the existence, nature, value and location of any monies or assets or credit, wherever situate, including all records and statements held by the Banks concerning any assets and accounts of the Robertson, the Estate and/or the Controlled Entities formerly held by the Banks, and the Banks shall forthwith provide such information and documentation to the Trustee.

20. **THIS COURT ORDERS** that, to the extent not already completed pursuant to the Asset Preservation Order, all cryptocurrency exchanges, including the cryptocurrency exchanges doing business as Binance, Bitfinex, Bitmex, Bitstamp, Coinbase, Digifinex, EzBtc.ca, Huobi, Kraken, Localbitcoins.com, Poloniex, OKCoins, OkEx and Shapeshift, (the "**Exchanges**") shall disclose and deliver to the Trustee any and all records and statements held by the Exchanges concerning Robertson's, the Estate's and/or the Controlled Entities' assets and accounts, including the existence, nature, value and location of any monies, assets or cryptocurrency or credit, wherever situate, including all records and statements held by the Exchanges concerning any assets and accounts of the Robertson, the Estate and/or the Controlled Entities formerly held by the Exchanges, and the Exchanges shall forthwith provide such information and documentation to the Trustee.

GENERAL

21. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United States or elsewhere, to give effect to this Approval Order and to assist the Trustee and its respective agents and counsel in carrying out the terms of this Approval Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Trustee, as an officer of this Court, as may be necessary or desirable to give effect to this Approval Order, to grant representative status to the Trustee in any foreign proceeding, or to assist the Trustee and its respective agents and counsel in carrying out the terms of this Approval Order.

_____

Schedule “A” - Settlement Agreement

[Attached]

Schedule "B" - Trustee's Certificate

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

IN THE MATTER OF THE BANKRUPTCY OF QUADRIGA FINTECH SOLUTIONS CORP., WHITESIDE CAPITAL CORPORATION AND 0984750 B.C. LTD. D/B/A QUADRIGA CX AND QUADRIGA COIN EXCHANGE

Trustee's Certificate

A. Ernst & Young Inc. has been appointed under the trustee in bankruptcy of 0984750 B.C. Ltd. d/b/a Quadriga CX and Quadriga Coin Exchange, Quadriga Fintech Solutions Corp. and Whiteside Capital Corporation under the *Bankruptcy and Insolvency Act* (Canada) (the "**Trustee**");

B. Capitalized terms not otherwise defined in this certificate shall have the respective meanings ascribed to them in the Settlement Agreement dated ● (the "**Settlement Agreement**") between the Trustee, Robertson, the Estate, Beazley and the Controlled Entities;

C. Pursuant to an Order of the Bankruptcy Court dated ● (the "**Approval Order**"), the Settlement Agreement was approved by the Bankruptcy Court, including the transactions, transfers, releases, compromises and injunctions provided for therein; and

D. Pursuant to the Approval Order, the Trustee is required to serve on the service list in this proceeding, post on the Trustee's website and file with the Bankruptcy Court, a certificate certifying that the Effective Date has occurred.

THE TRUSTEE HEREBY CERTIFIES as follows:

(a) Counsel for Robertson and the Estate has confirmed that the conditions to the occurrence of the Effective Date in favour of Robertson have been satisfied or waived pursuant to the Settlement Agreement;

(b) The Trustee also confirms that the conditions to the occurrence of the Effective Date in favour of the Trustee have been satisfied or waived pursuant to the Settlement Agreement; and

(c) The Effective Date has occurred.

DATED at the City of Toronto, in the Province of Ontario, this _____ day of _____, 2019

Ernst & Young Inc., in its capacity as Trustee of the Companies and not in its personal or corporate capacity

By: _____

Name:

Title:

IN THE MATTER OF THE BANKRUPTCY OF QUADRIGA FINTECH SOLUTIONS CORP., WHITESIDE CAPITAL CORPORATION AND 0984750 B.C. LTD. D/B/A QUADRIGA CX AND QUADRIGA COIN EXCHANGE

Court File No. & Estate No. CV-19-627184-00CL (31-2560674)
CV-19-627185-00CL (31-2560984)
and CV-19-627186-00CL (31-2560986)

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceeding commenced at Toronto

ORDER

(SETTLEMENT APPROVAL ORDER)

STIKEMAN ELLIOTT LLP
Barristers & Solicitors
5300 Commerce Court West
199 Bay Street
Toronto, Canada M5L 1B9

Elizabeth Pillon LSO#: 35638M
Tel: (416) 869-5623
Email: lpillon@stikeman.com

Maria Konyukhova LSO#: 52880V
Tel: (416) 869-5230
Email: mkonyukhova@stikeman.com

Lee Nicholson LSO#: 66412I
Tel: (416) 869-5604
E-mail: leenicholson@stikeman.com
Fax: (416) 947-0866

Lawyers for Ernst & Young Inc., Trustee-in-Bankruptcy

TAB 5

Court File No. & Estate No. CV-19-627184-00CL (31-2560674)
CV-19-627185-00CL (31-2560984)
and CV-19-627186-00CL (31-2560986)

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE MR.	)	WEDNESDAY, THE 16th
	)	
JUSTICE HAINEY	)	DAY OF OCTOBER 2019

IN THE MATTER OF THE BANKRUPTCY OF QUADRIGA FINTECH SOLUTIONS CORP., WHITESIDE CAPITAL CORPORATION AND 0984750 B.C. LTD. D/B/A QUADRIGA CX AND QUADRIGA COIN EXCHANGE

ORDER
(Land Transfer Order)

THIS MOTION, made by the Trustee, Ernst & Young Inc. ("**EY**"), in its capacity as the trustee-in-bankruptcy of 0984750 B.C. Ltd. d/b/a Quadriga CX and Quadriga Coin Exchange ("**Quadriga**"), Quadriga Fintech Solutions Corp. ("**Fintech**") and Whiteside Capital Corporation ("**Whiteside**") (collectively, the "**Companies**") under the *Bankruptcy and Insolvency Act* (Canada) (the "**Trustee**"), for an order, *inter alia*, transferring certain real property to the Quadriga estate vested in the Trustee in connection with the Settlement Agreement dated October 3, 2019 (the "**Settlement Agreement**") between the Trustee, Jennifer Robertson ("**Robertson**"), Robertson, in her capacity as the executor of the estate of Gerald Cotten, Thomas Beazley and the Controlled Entities (as defined by the Settlement Agreement), was heard on October 16, 2019 at the court house, 330 University Avenue, Toronto, Ontario, M5G 1R7.

ON READING the Fourth Report of the Trustee dated October 7, 2019 and the affidavit of Jennifer Robertson sworn October 3, 2019, and on hearing the submissions of the lawyers for

Trustee, Representative Counsel, Jennifer Robertson and other interested parties, no one appearing for any other party although duly served as appears from the affidavit of service of ●, filed.

REAL PROPERTY

1. **THIS COURT ORDERS** that (a) in this paragraph all capitalized terms shall have the definitions prescribed by the *Land Registration Act* (Nova Scotia); and (b) upon the registration of a Form 24 that attaches a certified copy of this Order with the applicable certificate of legal effect from the recording solicitor and with the Trustee's Certificate (as defined in the Order (Settlement Approval Order) dated October 16, 2019), in the applicable Land Registration Office, the Registrar for that Registration District shall enter the Quadriga estate or the Trustee as the owner of the subject real property identified in Schedule "A" hereto (the "**Nova Scotia Real Property**") in fee simple.

2. **THIS COURT ORDERS** that upon presentation for registration in the Land Title Office for the Land Title District of Kamloops and Nelson of a certified copy of this Order, together with a letter from Stikeman Elliott LLP, solicitors for the Trustee, authorizing registration of this Order, the British Columbia Registrar of Land Titles is hereby directed to enter the Quadriga estate or the Trustee as the owner of the real property identified in Schedule "B" hereto (the "**BC Real Property**"), together with all buildings and other structures, facilities and improvements located thereon and fixtures, systems, interests, licenses, rights, covenants, restrictive covenants, commons, ways, profits, privileges, rights, easements and appurtenances to the said hereditaments belonging, or with the same or any part thereof, held or enjoyed or appurtenant thereto, in fee simple in respect of the BC Real Property, and this Court declares that the title of the Quadriga

estate or the Trustee in and to the BC Real Property is a good, safe holding and marketable title and directs the BC Registrar to register indefeasible title in favour of the Quadriga estate or the Trustee as aforesaid.

GENERAL

3. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United States or elsewhere, to give effect to this Order and to assist the Trustee and its respective agents and counsel in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Trustee, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Trustee in any foreign proceeding, or to assist the Trustee and its respective agents and counsel in carrying out the terms of this Order.

_____

Schedule "A" – Nova Scotia Real Property

	Property	PID	Legal Description
1.	71 Kinross Court, Fall River, Nova Scotia, Lot 493	41256298	71 Kinross Court, Fall River, Nova Scotia, Lot 493 – PID 41256298: Place Name: KINROSS COURT FALL RIVER Municipality/County: HALIFAX REGIONAL MUNICIPALITY/HALIFAX COUNTY Designation of Parcel on Plan: LOT 493 Title of Plan: PLAN OF SUBDIVISION & CONSOLIDATION OF PORTIONS OF PARCELS A-2 & B- 2 LANDS OF PARKDALE DEVELOPMENTS LTD TO FORM LOTS 488 TO 499 INCLUSIVE, PARCEL KC (ROAD) & PARCELS A-2 & B-2 (REMAINDERS) KINLOCH PHASE 4B Registration County: HALIFAX COUNTY Registration Number of Plan: 89319819 Registration Date of Plan: 2007-11-19 09:21:21
2.	Lot 511, Ringling Court, Fall River, Nova Scotia	41454489	Lot 511, Ringling Court, Fall River, Nova Scotia – PID 41454489: Registration County: HALIFAX COUNTY Street/Place Name: RINGLING COURT /FALL RIVER Title of Plan: PLAN OF S/D OF PARCEL RB-2A (REMAINDER) LAND REGISTERED TO PARKDALE DEVELOPMENTS LIMITED TO FORM LOT 511 AND PARCEL RB-3A (REMAINDER) KINLOCK PHASE 5A Designation of Parcel on Plan: LOT 511 Registration Number of Plan: 110588945 Registration Date of Plan: 2017-04-11 09:34:21
3.	34 Little Island Water Access, Chester Islands, Lunenburg County, Nova Scotia	60156171	34 Little Island Water Access, Chester Islands, Lunenburg County, Nova Scotia – PID 60156171: ALL THAT ISLAND, in Mahone Bay, in the Municipality of the District of Chester, County of Lunenburg and Province of Nova Scotia, called Little Island, described as follows: All that certain piece or parcel of land, called Little Island, situate, lying and being near Western Shore in the Municipality of Chester and County of Lunenburg and Province of Nova Scotia, and containing two and one half acres, more or less. The property herein described is also sometimes known as Swinehammer's Island. Latitude: 44-32-05 North. Longitude: 64-18-20 West
4.	Seaview Drive, Western Shore, Lot S-3	60690492	Seaview Drive, Western Shore, Lot S-3 – PID 60690492: Registration County: LUNENBURG COUNTY Street/Place Name: SEAVIEW DRIVE /WESTERN SHORE

			Title of Plan: S/D SHOWING LOT S-3, PROPERTY OF BIRGIT SCHEPP, SEAVIEW DRIVE, WESTERN SHORE AND MARTINS POINT Designation of Parcel on Plan: LOT S-3 Registration Number of Plan: 104440749 Registration Date of Plan: 2014-01-10 09:21:07
5.	10, 12, 14, 16, 18 McQuillan Lane, Lot 1-DA, Bedford, Nova Scotia	41152919	10, 12, 14, 16, 18 McQuillan Lane, Lot 1-DA, Bedford, Nova Scotia – PID 41152919: ALL that certain lot, piece or parcel of land situate, lying and being at Bedford, in the Halifax Regional Municipality, Province of Nova Scotia, shown as Lot 1-DA on a plan of survey showing Lots 1-DA & 1-DB, Bedford South- Phase 1, subdivision of Block 1-D, Lands conveyed to TYH Investments Inc. Southgate Drive, Millview, Halifax County, NS, prepared by Servant, Dunbrack, McKenzie and MacDonald Ltd., signed by Carl K. Hartlen, N.S.L.S, dated August 23, 2004, approved by the Development Officer for the Halifax Regional Municipality on October 26, 2004. The said Lot 1-DA being more particularly described on a plan filed at the Halifax Registry of Deeds as plan or document number 76548495.
6.	22, 24, 26, 28 McQuillan Lane, Lot 1-DB, Bedford, Nova Scotia	41152927	22, 24, 26, 28 McQuillan Lane, Lot 1-DB, Bedford, Nova Scotia – PID 41152927: ALL that certain lot, piece or parcel of land situate, lying and being at Bedford, in the Halifax Regional Municipality, Province of Nova Scotia, shown as Lot 1-DB on a plan of survey showing Lots 1-DA & 1-DB, Bedford South- Phase 1, subdivision of Block 1-D, Lands conveyed to TYH Investments Inc. Southgate Drive, Millview, Halifax County, NS, prepared by Servant, Dunbrack, McKenzie and MacDonald Ltd., signed by Carl K. Hartlen, N.S.L.S, dated August 23, 2004, approved by the Development Officer for the Halifax Regional Municipality on October 26, 2004. The said Lot 1-DB being more particularly described on a plan filed at the Halifax Registry of Deeds as plan or document number 76548495.
7.	17 Melwood Ave, Lot 12, Halifax, Nova Scotia	00250324	17 Melwood Ave, Lot 12, Halifax, Nova Scotia – PID 00250324: All that certain lot, piece or parcel of land situate, lying and being on the southern side of Chocolate Lake, at Armdale, in the County of Halifax, Province of Nova Scotia, and being Lot Number 12 on a plan of Melvillewood Subdivision made by George T. Bates, Provincial Land Surveyor, and dated May 25th, 1946, said Lot Number 12 being more particularly described as follows: Beginning on the northern side of Melwood Avenue at the southeast corner of Lot Number 13 as shown on said plan; Thence easterly along the northern side of said Melwood Avenue; 60 feet to the southwest corner of Lot Number 11 as

			shown on said plan; Thence northerly along the western side of said Lot Number 11, 100 feet to the southern side of Lot Number 10 as shown on said plan; Thence westerly along the southern side of said Lot Number 10, 60 feet to the eastern side of Lot Number 13 aforesaid; Thence southerly along the eastern side of said Lot Number 13, 100 feet to the place of beginning.
8.	19 Baha Court, Lot 0-122, Bedford, Nova Scotia	40749301	19 Baha Court, Lot 0-122, Bedford, Nova Scotia – PID 40749301: Place Name: BEDFORD, NOVA SCOTIA Municipality/County: COUNTY OF HALIFAX/HALIFAX COUNTY Designation of Parcel on Plan: LOT 0-122 Registration County: HALIFAX COUNTY Registration Number of Plan: 31830 Drawer No.: 349 Approval Date of Plan: 1996-12-10 Registration Date of Plan: 1996-12-12
9.	61 Douglas Crescent, Lot 39A-1, Halifax, Nova Scotia	00304154	61 Douglas Crescent, Lot 39A-1, Halifax, Nova Scotia - PID 00304154: ALL that certain lot, piece, or parcel of land situate, lying, and being on the western side of Donaldson Avenue, in the City of Halifax, Province of Nova Scotia, shown as Lot 39A-1 on a plan of survey of Lot 39A-1 and Lot 39A-2, subdivision of Lot 39A, Sherwood Heights Subdivision lands conveyed to Herbert J. Fraser and Elizabeth M.A. Fraser, dated March 11, 1995, prepared by Thompson Conn and Associates, approved by the City of Halifax on April 26, 1995, signed by R.E. Humphreys, N.S.L.S., and being more particularly described as follows: BEGINNING at the intersection of the northern boundary of Lot 43 with the western boundary of Donaldson Avenue; THENCE along the northern boundary of Lot 43 on a bearing of North 74 degrees 20 minutes 32 seconds West for a distance of 99.62 feet to the eastern boundary of Lot D8; THENCE along the eastern boundary of Lots D8 and D6 on a bearing of North 15 degrees 45 minutes 25 seconds East for a distance of 59.60 feet to the southern boundary of Lot 39A-2; THENCE along the southern boundary of Lot 39A-2 on a bearing of South 74 degrees 20 minutes 32 seconds East for distance of 99.52 feet to the western boundary of Donaldson Avenue;

			THENCE along the western boundary of Donaldson Avenue on a bearing of South 15 degrees 39 minutes 53 seconds West for a distance of 59.60 feet to the point of beginning. CONTAINING an area of 5,934 square feet; BEARINGS are grid referred to the line between N.S.C.M. 262 and N.S.C.M. 4919 having a bearing of South 15 degrees 59 minutes 53 seconds East and based on the 3 degrees M.T.M. projection, central meridian at 64 degrees 30 minutes West longitude (1968 adjustment). Subject to restrictive covenants as contained in a deed recorded at the Halifax Registry of Deeds in Book 2010 at Page 793. An approved plan of subdivision has been filed under the Registry Act or registered or recorded under the Act.
10.	63 Central Avenue, Lot 103, Halifax, Nova Scotia	00240911	63 Central Avenue, Lot 103, Halifax, Nova Scotia – PID 00240911: ALL that certain lot, piece and parcel of land and premises situate, lying and being at Fairview, County of Halifax, Province of Nova Scotia, described as follows: ALL that certain lot, piece and parcel of land situate, lying and being on the northern side of Glendale Avenue, at Dutch Village, in the County of Halifax, being Lot number 103, according to the plan of Block E, Sunnybrae Subdivision, dated August 16, 1948 and signed by G. Hilchie, C.E., P.L.S. and on file at the Registry of Deeds at Halifax, the said Lot number 103 being more particularly described as follows: BEGINNING on the northern boundary line of Glendale Avenue at the point at which it is intersected with the western boundary line of that Lot number 102 as shown on the said plan; THENCE from the said point of beginning to run westwardly along the northern boundary line of Glendale Avenue, a distance of 62 feet to the southeastern angle of that Lot number 104 as shown as the said plan; THENCE to run northwardly along the eastern boundary of said Lot number 104 a distance of 99.7 feet more or less to the southern boundary line of lands formerly owned by A. I. Cook and now part of Rosedale Subdivision; THENCE to run easterly along the last main boundary line 62 feet to the northwestern angle of Lot number 102 aforesaid; THENCE to run southwardly along the western boundary line of said Lot number 102 a distance of 100.4 feet more or less to the place of beginning. The description for this parcel originates with a deed dated July 24, 1963, registered in the registration district of Halifax in book

			1923 at page 4 and the subdivision is validated by Section 291 of the Municipal Government Act.
11.	982 Barrington Street, Halifax, Nova Scotia	00142612	982 Barrington Street, Halifax, Nova Scotia – PID 00142612: ALL that lot of land on the West side of Pleasant Street (now Barrington Street) in the City of Halifax, County of Halifax, Province of Nova Scotia, commencing at a point distant eighty-seven feet from the corner of Pleasant (now Barrington) and Inglis Street being the south-east angle of property of the Estate of Bernard O'Neil; THENCE in a westerly direction along the south line of the said O'Neils property one hundred and twenty feet: THENCE in a southerly direction along the east line of said O'Neils land thirty-one feet three inches; THENCE in an easterly direction one hundred and twenty feet in a straight line to Pleasant Street (now Barrington Street) to a point distant forty feet in a southerly direction from the place of beginning; THENCE in a northerly direction forty feet to the place of commencement.
12.	2140 Harvard Street, Lot 26, Halifax, Nova Scotia	00025080	2140 Harvard Street, Lot 26, Halifax, Nova Scotia – PID 00025080: All that certain lot, piece and parcel of land situate, lying and being on Harvard Street in the City of Halifax and being lot number 26 as marked and delineated upon a certain plan of the property of Messrs. Anderson and Duffus made by James F. Anderson, Deputy surveyor, dated July 27, 1888 and which said lot is more particularly described as follows, that is to say: Beginning at a point on the western side of Harvard Street forming the southeastern corner or angle of lot number 28 as marked and delineated upon said plan; Thence running westerly along the southern boundary line of said lot number 28 as marked and delineated upon said plan, ninety-four feet, more or less, or to the north eastern corner or angle of lot number 25, as marked and delineated upon said plan. Thence running southerly along the eastern boundary line of said lot number 25 as marked and delineated upon said plan, thirty-four feet, more or less, or to the northwestern corner or angle of lot number 24 as marked and delineated upon said plan; Thence running easterly along the northern boundary line of said lot number 24 as marked and delineated upon said plan, ninety-four feet, more or less, or to the said western side line of Harvard Street;

			Thence running northerly along the said western side line of Harvard Street, thirty-four feet, more or less, to the place of beginning. Being the same lands as conveyed by Zenos Trott et ux to Harold Joseph Richardson, by deed dated March 11, 1919 and recorded at the Registry of Deeds at Halifax, Nova scotia in Book 493, Page 121.
13.	3161 Micmac Street, Lot 38, Halifax, Nova Scotia	00033191	3161 Micmac Street, Lot 38, Halifax, Nova Scotia – PID 00033191: ALL that certain piece, parcel and lot of land situate, lying and being on the eastern side line of Micmac Street between Bayers Road and Edgewood Avenue and which may be more particularly described as follows: BEGINNING at an iron pipe on the curve of the eastern street line of Micmac Street; said pipe being Seventy-seven and Six tenths (77.6) feet northerly along the said eastern street line of Micmac Street from the intersection of the eastern street line of Micmac Street with the northern street line of Bayers Road and being the southwest corner of the lot herein described; THENCE northerly along the said curve of the eastern street line of Micmac Street Forty (40) feet more or less to an iron pipe at the southern boundary line of Lot No. 37; THENCE easterly along the said southern boundary line of Lot No. 37 One Hundred and Thirty-seven decimal Seven (137.7) feet, more or less to an iron pipe at the western boundary line of the Edgewood School property; THENCE southerly along the said western boundary line of the said Edgewood School property Forty-nine decimal Five Three (49.53) feet more or less, to an iron pipe at the boundary line of Lot No. 39; THENCE westerly along the said northern boundary line of Lot No. 39 One Hundred and fifty-four decimal One (154.1) feet more or less to the place of beginning; The above described lot being Lot No. 38 as shown on Plan No. QQ-4-11903 being the plan of Edgewood Subdivision area north of Bayers Road and West of Connaught Avenue on file at the office of the Commissioner of works of the City of Halifax; BEING AND INTENDED to be the lands conveyed by Walter L. Taylor et ux Madeline Taylor to Tomaso Arnoldin et ux Alfonsina Arnoldin, as joint tenants, by deed dated May 20, 1965 and recorded at the Registry of Deeds, Halifax, in Book 2049, at Page 548. The parcel originates with an approved plan of subdivision that has been filed under the Registry Act or registered under the

			Land Registration Act at the Land Registration Office for the registration district of Halifax County as plan or document number 1462.
14.	3663 Deal Street, Lot 79, Halifax, Nova Scotia	40069593	3663 Deal Street, Lot 79, Halifax, Nova Scotia – PID 40069593: ALL THAT CERTAIN lot, piece or parcel of land situate, lying and being on the east side of Deal Avenue (so-called), east of Dutch Village Road in the City and County of Halifax, and being Lot No. 79 on a plan of subdivision of "Deal Estate" made by H. B. Pickings, Provincial Land Surveyor, dated December 12, 1919, and recorded in the Office of the Registrar of Deeds at Halifax aforesaid, and more particularly described as follows: BEGINNING at the northwestern corner of Lot No. 78 on said plan; THENCE running easterly along the northern side line of said Lot No. 78 a distance of 100 feet to the northeast corner of said Lot No. 78; THENCE running northerly in a line in prolongation of the eastern line of said Lot No. 78 a distance of 40 feet to the southeastern corner of Lot No. 80 on said plan; THENCE in a westerly direction along the southern line of said Lot No. 80 a distance of 100 feet to said Deal Avenue and being the south western corner of said Lot No. 80; THENCE running southerly along said Deal Avenue a distance of 40 feet to the place of beginning, the aforesaid lot being known as Lot No. 79. The description for this parcel originates with a deed dated August 15, 1983, registered in the registration district of Halifax County in Book 3734 at Page 130 and the subdivision is validated by Section 291 of the Municipal Government Act.
15.	5385/5387 Glebe Street, Halifax, Nova Scotia	00029355	5385/5387 Glebe Street, Halifax, Nova Scotia – PID 00029355: All that certain lot, piece or parcel of land, situate, lying and being on the northwestern side of Glebe Street, between Lynch Street and Gottingen Street in the City of Halifax, being Lot 16, Block D as shown on a plan entitled Subdivision of Prefabricated Properties, St. Pauls Glebe lands, Blocks C.D. and E., Halifax North dated June 30, 1951, and being on file in the Office of Commissioner of Works for the City of Halifax at City Hall as Plan No. QQ-3-11832. The said Lot 16, Block D being more particularly described as follows: Beginning at a point on the northwestern street line of Glebe Street where it is intersected by the north eastern boundary of Lot 15; Thence northwestwardly along said northeastern boundary of Lot 15 for a distance of ninety-nine feet and four tenths of a foot

			(99.4) or to the rear base line of lots fronting on Glebe Street; Thence northeastwardly along said rear base line of lots fronting on Glebe Street for a distance of forty feet (40) or to the southwestern boundary of Lot 17; Thence southeastwardly along said southwestern boundary of Lot 17 for a distance of ninety-nine feet and four tenths of a foot (99.4) or to the aforesaid northwestern street line of Glebe Street; Thence southwestwardly along said northwestern street line of Glebe Street for a distance of forty feet (40) more or less to the place of beginning.

Schedule "B" – BC Real Property

	Property	**PID**	**Legal Description**
1.	1021 Lamont Lane, Kelowna, British Columbia	027-728-102	1021 Lamont Lane, Kelowna, British Columbia - PID 027-728-102: Lot 11 District Lot 579 Similkameen Division Yale District Plan KAP87918

IN THE MATTER OF THE BANKRUPTCY OF QUADRIGA FINTECH SOLUTIONS CORP., WHITESIDE CAPITAL CORPORATION AND 0984750 B.C. LTD. D/B/A QUADRIGA CX AND QUADRIGA COIN EXCHANGE

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ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

PROCEEDING COMMENCED AT TORONTO

ORDER

(LAND TRANSFER ORDER)

STIKEMAN ELLIOTT LLP
Barristers & Solicitors
5300 Commerce Court West
199 Bay Street
Toronto, Canada M5L 1B9

Elizabeth Pillon LSO#: 35638M
Tel: (416) 869-5623
Email: lpillon@stikeman.com
Maria Konyukhova LSO#: 52880V
Tel: (416) 869-5230
Email: mkonyukhova@stikeman.com
Lee Nicholson LSO#: 66412I
Tel: (416) 869-5604
Email: leenicholson@stikeman.com
Fax: (416) 947-0866

Lawyers for the Trustee

IN THE MATTER OF THE BANKRUPTCY OF QUADRIGA FINTECH SOLUTIONS CORP., WHITESIDE CAPITAL CORPORATION AND 0984750 B.C. LTD. D/B/A QUADRIGA CX AND QUADRIGA COIN EXCHANGE

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ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceeding commenced at Toronto

MOTION RECORD
(RE: APPROVAL OF SETTLEMENT AGREEMENT)
(Returnable October 16, 2019)

STIKEMAN ELLIOTT LLP
Barristers & Solicitors
5300 Commerce Court West
199 Bay Street
Toronto, Canada M5L 1B9

Elizabeth Pillon LSO#: 35638M
Tel: (416) 869-5623
Email: lpillon@stikeman.com

Maria Konyukhova LSO#: 52880V
Tel: (416) 869-5230
Email: mkonyukhova@stikeman.com

Lee Nicholson LSO#: 66412I
Tel: (416) 869-5604
E-mail: leenicholson@stikeman.com
Fax: (416) 947-0866

Lawyers for Ernst & Young Inc., Trustee-in-Bankruptcy