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

NOTICE OF MOTION
(RE: APPROVAL OF LAW ENFORCEMENT ACCOUNTS)

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 Fintech Solutions Corp. and Whiteside Capital Corporation (collectively, the "**Companies**") under the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended (the "**BIA**"), will make a Motion to Justice Hainey of the Commercial List on Thursday January 30, 2020 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 "**Law Enforcement Accounts Approval Order**"), substantially in the form of the draft order attached at Tab 3 to the Motion Record, that:

   (a) approves the fees and expenses of the Trustee and its counsel for the period June 16, 2019 to December 31, 2019 as related to law enforcement, regulator and tax authority activities ("**Law Enforcement Activities**"); and

   (b) seals Confidential Appendix "C" of the Trustee's Fifth Report, which contains the full and unredacted accounts of the Trustee and its counsel;

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

THE GROUNDS FOR THE MOTION ARE:

Background

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

4. 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. EY was appointed Monitor of the Companies;

5. The CCAA proceedings were transitioned into bankruptcy proceedings under the BIA on April 11, 2019. EY was appointed Trustee of each of the Companies;

6. In its role generally as Monitor and Trustee, and in support of its investigation, the Trustee has collected supporting documentation and necessary information including taking possession of certain devices, obtaining access to emails and texts and assembling certain other records, including obtaining information from third parties;

7. These documents and other sources of information are of interest to various law enforcement officials, regulatory agencies and tax authorities (collectively, "**Law Enforcement**"). Cooperating with Law Enforcement requires the Trustee to seek legal advice and representation in respect of that cooperation, conduct document and privilege reviews and, pursuant to the terms of the Law Enforcement Order, to make production of documents; all of which is at a cost to the Trustee and the estate;

8. This Court issued an order on September 17, 2019 (the "**Law Enforcement Order**") in respect of the Trustee's responsibilities with respect to its communications with and activities involving Law Enforcement;

Law Enforcement Accounts

9. The Trustee worked with its counsel Stikeman Elliott LLP ("**Stikeman Elliott**") and Lenczner Slaght Royce Smith Griffin LLP ("**Lenczner Slaght**") to facilitate its cooperation with Law Enforcement. Stikeman Elliott is the Trustee's general bankruptcy counsel, and Lenczner Slaght was retained by the Trustee to assist with Law Enforcement-related document production;

10. Pursuant to the Law Enforcement Order, the Trustee is required to seek Court approval of Law Enforcement-related fees and expenses:

> [7] **THIS COURT ORDERS** that the Trustee is entitled to charge its fees and expenses and the fees and expenses of counsel to the Trustee to the bankruptcy estate with respect to law enforcement, regulator and tax authority activities. With respect to the fees and expenses incurred by the Trustee and its counsel related to law enforcement, regulator and tax authority activities in respect of which the Trustee is legally obligated to maintain confidentiality, or has received a reasonable request for confidentiality from a law enforcement agency, regulatory or tax authority (the "**Confidential Activities**"):
>
> (i) the Trustee shall redact all details with respect to time spent and provide Inspectors / Creditors / OSB or any other party only with a summary of total hours and total fees; and
>
> (ii) the Trustee may present its fees and that of its counsel to the Inspectors for approval based upon the summary and redacted invoices, and the Trustee shall seek approval of the fees from this Court with detailed dockets under seal.

11. The Trustee is seeking approval of the following fees and expenses arising from Law Enforcement Activities, including Confidential Activities (the "**Law Enforcement Accounts**"), which are detailed in full and without redaction in Confidential Appendix "C" to the Trustee's Fifth Report:

Invoicing Party	**Invoice No.**	**Total (HST included)**
Trustee	CA12C500004201	$82,762.63
	CA12C500004356	$106,176.63
Stikeman Elliott	5757308	$105,977.10
	5763572	$25,872.99
	5768197	$1,768.13
Lenczner Slaght	70636	$17,669.53
	72193	$51,455.38
	72803	$70,144.57
	74089	$164,344.26
	76253	$4,103.13
	77061	$6,882.83
		$637,157.18

12. The Trustee requests that Confidential Appendix "C" of the Trustee's Fifth Report, dated January 22, 2020 be sealed by the Court. The redactions made are necessary for the Trustee to

maintain confidentiality as legally required or as reasonably requested by Law Enforcement. The sealing of Confidential Appendix "C" is in accordance with paragraph 7 of the Law Enforcement Order;

13. The Inspectors and Representative Counsel were provided with copies of the redacted Law Enforcement Accounts and advised of the Trustee's intention to seek Court approval of the Law Enforcement Accounts in accordance with the Law Enforcement Order;

General

14. The provisions of the BIA generally and the inherent and equitable jurisdiction of this Court;

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

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

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

17. Trustee's Third Report, dated September 11, 2019;

18. Trustee's Fifth Report, dated January 22, 2020; and

19. Such materials as counsel may advise and this Court may permit.

January 22, 2020

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(RETURNABLE JANUARY 30, 2020)

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