Form 39.08

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 "Companies" and the "Applicant"), for relief under the Companies' Creditors Arrangement Act**

SECOND AFFIDAVIT OF JENNIFER ROBERTSON

I, Jennifer K. M. Robertson, make oath and give evidence as follows:

1. I am a director of the Applicants, Quadriga Fintech Solutions Corp., Whiteside Capital Corporation and 0984750 B.C. Ltd. dba Quadriga CX and Quadriga Coin Exchange (hereinafter collectively referred to as the "**Companies**").

2. I have personal knowledge of the evidence sworn to in this affidavit except where otherwise stated to be based on information or belief.

3. I state, in this affidavit, the source of any information that is not based on my own personal knowledge, and I state my belief of the source.

4. This Affidavit is provided in support of an application made by the Companies under the Companies' *Creditors Arrangement Act* (Canada) (the "**CCAA**") for an extension of the stay of proceedings previously granted by this Court with its Order dated February 5, 2019 (the "**Initial Order**") and for the appointment of Peter Wedlake of Grant Thornton Limited to the position of Chief Restructuring Officer for the Companies (the "**CRO**").

ACTIVITIES

5. Since the stay of proceedings was originally granted on February 5, 2019, the Companies have been working with the Monitor, Ernst & Young Inc. ("**EYI**"), on a number of fronts, including:

   (a) all computers, phones and equipment used by Gerald (Gerry) Cotten in relation to the operation of the business of the Companies have been transferred to the care and control of EYI;

   (b) information on third party processors has been provided to EYI;

(c) assets held by the Companies, including cash and cryptocurrency, have been transferred to EYI;

(d) all information in relation to the Companies that is under the control of the Companies has been provided to EYI;

(e) making any contractors for the Companies available to EYI;

(f) participating in the motion seeking the appointment of representative counsel;

(g) participating in the motion in relation to the bank drafts held by third parties for the benefit of the Companies; and

(h) the termination of the contractors of the Companies, but for two, to minimize costs being incurred by the Companies and ensure that all data and the platform are preserved and to address questions or inquiries by EYI.

6. In addition to the above, I am advised by a review of the Monitor's reports and from legal counsel and do believe that EYI has taken the following steps:

(a) engaged the services of EYI forensic experts to investigate the location of the cryptocurrency and wallets held by the Companies;

(b) communicated to third parties holding funds on behalf of the Companies, including payment processors;

(c) communicated with financial institutions who have issued bank drafts in relation to the operations of the Companies; and

(d) sought a court order in relation to bank drafts to ensure the drafts are deposited into an account controlled by the Monitor.

7. All of the foregoing activities have been aimed at gathering and collecting the assets of the Companies and to search for the Companies' assets. All of these efforts (and those that will follow in the coming months) will ultimately provide the Companies with a more accurate picture of the Companies' assets and the recovery available to affected users of the trading platform of 0984750 B.C. Ltd. dba Quadriga CX and Quadriga Coin Exchange, known as Quadriga.

8. In order to continue to pursue the location of the assets, more time is needed to continue the necessary work by EYI as Monitor and by the Companies.

9. If the stay extension is not granted, I believe that proceedings will be commenced against the Companies, which would be prejudicial to the Companies and the interests of all stakeholders. The ability of the Companies to complete the investigation into the location and accessing the missing assets will also end, as well as ending any discussions regarding the potential sale of the assets of the Companies, namely being the trading platform of Quadriga.

APPOINTMENT OF A CHIEF RESTRUCTURING OFFICER

10. In my initial affidavit sworn on January 31, 2019, I indicated there were three directors for the Companies (see paragraphs 59 and 60). Since that time, one director, Jack Martel, has resigned. The position of the third director has not been filled.

11. The remaining two directors, being me and Tom Beazley, have no significant experience in the cryptocurrency industry and no experience with an insolvent business. Further, the public attention my role as director has brought is unwanted, 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.

12. While I have been fully cooperative with this CCAA process and have been providing assistance to the Monitor, I believe the appointment by this Court of a Chief Restructuring Officer ("**CRO**") would be in the best interests of the Companies and all stakeholders, including the affected users and is necessary to allow the Companies to meet their obligations under the terms of the Initial Order. Additionally, the third director position could be filled by the CRO, if appointed by this Court, or by a third party under the direction of a CRO.

13. The Companies require on-going direction relating to their affairs during the CCAA process and during an anticipated sales process. I am advised by counsel for the Companies and do believe that the Companies are the primary parties obligated under the terms of the Initial Order to search for any assets, in particular, the missing cryptocurrency. In my opinion, direction on these issues can best be provided by a CRO who has access to cryptocurrency expertise.

14. I am advised by counsel for the Companies and do believe that the proposed CRO is a well-respected and experienced insolvency and restructuring practitioner. My understanding and belief from my discussions with counsel is that Mr. Wedlake has been involved in numerous court-ordered restructuring proceedings and has provided financial restructuring and strategic planning advice, as well as management and other insolvency services to numerous clients in various industries.

15. Mr. Wedlake has proposed a retainer on an hourly basis and set out his experience and that of Grant Thornton Limited, which is attached at Exhibit "A", along with Mr. Wedlake's curriculum vitae). I am advised by counsel and a review of Mr. Wedlake's letter and do believe:

    (a) Mr. Wedlake has previously acted as CRO in other matters after being appointed by the Court;

    (b) In-house expertise exists at Grant Thornton in the cryptocurrency industry, including a Certified Bitcoin Professional; and

    (c) Reasonable time and expenses incurred by Mr. Wedlake and Grant Thornton professionals will be at the standard rates for 2019, as set out in Mr. Wedlake's letter.

16. I am advised by counsel for the Companies and do believe that the Initial Order provides the Companies with the responsibility to search for, maintain and transfer to EYI any cryptocurrency found. Neither I nor Tom have the cryptocurrency expertise necessary to search for or direct the search for the cold wallets. As Grant Thornton has experience in the cryptocurrency industry, I believe their involvement and Mr. Wedlake's direction will be necessary for the Companies to meet their obligation to search for the missing cryptocurrency assets.

17. I am advised by counsel and do believe that other parties have applied for the role of CRO, but have sought monthly retainers ranging from $50,000 to $100,000, regardless of the scope of work to be done in any given month. I am further advised that no other applicants are based in Nova Scotia, but are based in Toronto.

18. I am advised by counsel for the Companies and do believe that the role of the CRO may be somewhat limited in the initial stages. As a result of this limited role, it is believed that remuneration on an hourly basis will be more cost-effective than a monthly standard retainer.

19. I am in support of the appointment of the proposed CRO and will cooperate fully, in the event Mr. Wedlake is appointed as CRO by this Honourable Court.

20. I swear this affidavit in support of the Companies' request for an extension to the stay period and for the appointment of Peter Wedlake as CRO for the Companies and for no other purpose.

Sworn to before me on the 25th day of February, 2019 at Halifax, Province of Nova Scotia	)	
A Barrister/Commissioner of the Supreme Court of Nova Scotia Richard Niedermayer	)	**JENNIFER K. M. ROBERTSON**

2019 Hfx No. 484742

This is Exhibit "A" of the Affidavit of Jennifer K.M. Robertson, sworn to before me the 25th day of February, 2019

A Barrister of the Supreme Court of Nova Scotia

Richard Niedermayer

February 24, 2019

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VIA Courier & Email

Attention: Maurice Chiasson

Re: Quadriga Fintech Solutions Corp. et al (Quadriga) – Companies' Creditors Arrangement Act

Dear Mr. Chaisson:

I am writing to confirm I am pleased to be considered for the role of Chief Restructuring Officer ("**CRO**") with respect to Quadriga. From our brief discussion, I understand that due to the recent passing of the sole director, Quadriga requires supervision and the management of its business affairs during the proceedings commenced under the Companies' Creditors Arrangements Act ("**CCAA**").

Over the past 30 years I have been a financial advisor to many corporations and lenders. I have directed many restructuring and liquidation assignments including court appointed roles as a monitor and receiver/manager. As discussed I have direct experience as a CRO having been appointed by the Supreme Court of Nova Scotia in Bankruptcy as Chief Restructuring Officer of the NewPage Port Hawkesbury Corporation during its CCAA proceedings. These proceedings were brought to a successful conclusion by the sale of its business to a third party. I also would be supported in my role by the in-house experience and expertise that we have in the crypto currency area including a colleague who is a Certified Bitcoin Professional. Attached to this letter is a brochure outlining the other experience available to me.

As for my remuneration, any reasonable time and expenses that may be incurred by myself in the role as CRO will be charged on the basis of our firm's standard rates for 2019. To the extent that I need the assistance of colleagues experienced with cryptocurrency and other issues, I have access to in-house support and rates charged would be reflective of the experience of the individuals consulted.

Until I know more about the mandate, it is difficult to estimate what the total cost of our services will be. However, it will be important that we review the costs at least monthly so that we can manage your budget.

I understand that Quadriga will be seeking an Order similar to the one confirming my appointment as CRO of NewPage Port Hawesbury Corporation in 2012.

Grant Thornton

Thank you for speaking to me with respect to this opportunity and I would be pleased to meet with you to further discuss the same at your convenience.

A copy of my resume is attached.

Yours truly,

Peter D. Wedlake, LLB, FCIRP, LIT
Senior Vice President, Grant Thornton Limited

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Encls.

Grant Thornton

Peter D. Wedlake, LLB, FCIRP
Senior Vice President and Partner

Community Involvement

Past Chair - Canadian Association of Insolvency & Restructuring Professionals

Past Board Member - Office of the Superintendent of Bankruptcy Management Advisory Board

Past Chair – National Insolvency Qualification Program

Past Chief Examiner – National Trustee Licensing Examination

Professional Qualifications

Elected a Fellow of the Canadian Association of Chartered Insolvency and Restructuring Professionals (FCIRP) – 2002

Chartered Insolvency and Restructuring Professional (CIRP) – 1990

Licensed Trustee in Bankruptcy - 1986

LLB – Dalhousie University - 1975

Professional Memberships

Insolvency Institute of Canada

Canadian Association of Insolvency and Restructuring Professionals

NS Barrister's Society

Risk Management Association

Turnaround Management Association

Professional Experience

Peter is a Senior Vice-President of Grant Thornton Limited and works exclusively in the financial restructuring, receivership and bankruptcy area.

Peter was admitted as a member of the Nova Scotia Barristers Society in 1976 and became a licensed trustee in 1986. He holds the professional designation CIRP (Chartered Insolvency and Restructuring Professional) and was elected a Fellow in 2002. (FCIRP)

Peter served a two-year term as Chair of the Canadian Association of Insolvency and Restructuring Professionals. He also served a two-year term as a member of the Superintendent of Bankruptcy's Management Advisory Board.

Peter has been a financial advisor to many lenders for the past 25 years and has directed many restructuring and liquidation assignments during his career, covering such business sections as: technology, forest products, fishing, aquaculture, manufacturing, hospitality industry, financial institutions, mining and contracting.

Grant Thornton

An instinct for growth™

Grant Thornton LLP: Cryptocurrency and Blockchain Experience

February, 2019

Grant Thornton LLP – About Us

A summary of our experience and capabilities providing advisory, tax and audit services to the crypto and blockchain industry.

Advisory work undertaken

- Anti-money laundry program consulting including risk identification, program design and execution for a number of leading cryptocurrency exchanges based both in Canada and around the globe;
- AML program effectiveness reviews;
- Suspicious cryptocurrency transaction file review and remediation;
- Cryptocurrency transaction and wallet tracing analysis services including customer background due diligence and investigative services;
- Operations compliance related to the controls around payments infrastructure specific to credit card payments and compliance with PCI regulations;
- Assisting a cryptocurrency asset custodian in being prepared for undergoing a System and Organization 2 (SOC 2) audit of controls related to security availability, processing integrity and confidentiality;
- PCI DSS consulting assistance is being provided to a 'virtual' money service business utilizing the blockchain to remit funds internationally from Canada using bitcoin.

Tax work undertaken

- Advisory services related to the structuring of the business from a tax perspective
- Annual corporate tax compliance and periodic tax consulting services
- Tax advisory related to treatment of sales tax in an exchange environment

Audit / accounting advisory work undertaken

- External financial statement audit for mining entities
- Accounting advisory (becoming 'audit ready') for cryptocurrency exchange
- The head of our firm's national accounting (IFRS) technical group is one of a group of technical partners from the national firms that are working together to determine the appropriate accounting treatment for cryptocurrency transactions.

Example credentials – Virtual currency and blockchain

AML Risk Advisory

- Significant Global Virtual Currency / Token Exchange
- Large Canadian Virtual Currency Exchange
- A number of Canadian OTC Desks and Virtual Currency Exchanges
- Top global virtual currency exchange by BTC/USD trading volume

Business Risk Services

- Crypto asset custodian
- Virtual Money Service Business

Accounting / Tax Advisory

- Canadian Virtual Currency Exchange
- Global Virtual Currency / Token Exchange
- Multiple cryptocurrency mining entities

Examples of crypto and blockchain entities we have helped

Significant Global Virtual Currency / Token Exchange

Our team was engaged by one of the world's largest virtual currency / token exchanges who required AML consulting services to develop and enhance their AML program. Our assistance included:

- Delivering a comprehensive research document aimed at assisting the client in understanding the regulatory requirements of virtual currency exchanges in Canada and around the globe;
- Facilitating the development and documentation of the client's AML/ATF risk assessment to align with Canadian regulatory requirements as well as similar models around the globe in jurisdictions relevant to the client's operations;
- Reviewing the client's current AML/ATF policy and procedure documentation and delivered enhancements to ensure they meet, for their Canadian operations, the requirements of the PCMLTFA and relevant provincial requirements;

Large Canadian Virtual Currency Exchange

One of the world's largest virtual currency exchanges required AML consulting services to develop and enhance their AML program. Our assistance included:

- Working to help the client in understanding the Canadian regulatory requirements as they apply to their virtual currency exchange business as well as emerging expectations and anticipated regulations in this space;
- Developing a detailed methodology, providing insight into industry practices based on our experience, and facilitating the execution of a process for the Company to consider and document its assessment of the inherent risks of money laundering and terrorist financing as they relate to their exchange business;
- Reviewing and enhancing the Company's AML policies and procedures to ensure they meet, for the Canadian operations, the requirements of emerging industry practices and anticipated regulations.

Canadian OTC Desk and Virtual Currency Exchange

We were engaged to provide AML consulting services to design an AML program from the ground up for a leading virtual currency player looking to launch an OTC desk and virtual currency exchange:

- Designed complete AML program including risk assessment, policies and procedures, and training for both the OTC and virtual currency exchange;
- Worked to ensure alignment of program to other lines of business where applicable to ensure consistency and efficiency of approach;
- Are currently providing wallet and customer background scanning and due diligence services as part of ongoing program execution.

Significant Global Virtual Currency Exchange by BTC/USD Trading Volume

Provided services to the client to help them design and execute a global AML risk assessment for their business.

- Assistance included working with the Chief Compliance Officer to design an industry leading methodology for the risk assessment of a virtual currency exchange. Required knowledge of the risk landscape specific to a virtual currency context, and involved defining new methods of quantifying risk in this industry.
- In addition to the design work undertaken, we lead the execution of the risk assessment across the business globally.

Other clients include: online loans company launching a bitcoin exchange, national bitcoin ATM operator, Canadian OTC desk

Examples of crypto and blockchain entities we have helped

Cryptocurrency seizure

One of our senior team members was the lead proceeds of crime investigator in Canada's first bitcoin seizure.

- As a result of this case, Canada's first contested bitcoin forfeiture hearing recently took place in Toronto.
- One of our team, Dwayne King, who was with the Toronto Policy at the time, was the lead proceeds of crime investigator on the case, was there along with the CRA, the court expert and other involved officers.

Cryptocurrency suspicious activity investigations

Our team assisted in the remediation of over 1000 suspicious transaction investigations and filings for a global virtual currency exchange.

- Assistance included subject matter expertise to facilitate the ongoing management and quality control of the suspicious transaction review and SAR filing process, working closely with the client's investigations team to ensure timely completion of the review;
- Provided project management expertise to facilitate the ongoing management and reporting to the Chief Compliance Officer.

Law enforcement training

Our Digital Forensics team, along with members of our AML risk services team, have presented to law enforcement in Canada on the topic of cryptocurrency investigations.

- The training covered topics such as the evolution of money laundering, AML trends around the globe, and AML trends and insight specifically related to the cryptocurrency industry;
- In addition, we presented alongside other industry experts on real life case studies which our team have been involved with related to crypto investigations and seizures.
- Our Digital Forensics team provided insight on tools and techniques that can be used to investigate and trace cryptocurrencies.

Virtual currency exchange training

We have provided several training sessions to virtual currency entities on the topic of anti-money laundering and anti-terrorist financing, as part of the entity's AML program obligations in Canada.

- Provided training to a number of different entity types in this space including a virtual money service business, online loans company entering in to the virtual currency space, and a large global virtual currency exchange.
- Training topics have included AML obligations in Canada, crypto specific money laundering trends methods to combat, AML risk assessment methodologies for the cryptocurrency environment, suspicious activity investigations and SAR / STR filing guidance related to cryptocurrency suspicious activity.

Examples of crypto and blockchain entities we have helped

Virtual Money Service Business

In addition to the AML consulting work, PCI DSS consulting assistance is being provided to a 'virtual' money service business utilizing the blockchain to remit funds internationally from Canada using bitcoin.

- Assisting the client in performing a current state assessment and gap analysis of their current environment, processes, and controls against the PCI DSS standard;
- Conducting detailed scoping and assessment plan as well as on-site assessments including undertaking enquiry and interviews, facilitating review, internal vulnerability scanning, process walk-through sessions, system testing and testing of existing controls for compliance with PCI DSS requirements.

Canadian based public virtual currency miner

Engaged by a public virtual currency miner to provide financial statement audit services. Assistance included:

- Undertaking an audit of the consolidated financial statements for the client's company in Canada as well as the operating subsidiaries in Europe. This included the miner's graphical processing units (GPU) operation located in Iceland and Sweden as well as the company's European corporate head office based in Switzerland;
- Worked with industry leaders and other organizations involved in blockchain technology to support the work and provide additional expertise to support the audit;
- Developed an approach to efficiently and objectively validate the existence and completeness of transactions and the ownership of the public keys on the blockchain being utilized by the client.

Wallet Services for Institutional Investors

Engaged by a Canadian privately-held investment and technology startup company that provides wallet services for institutional investors.

- Assisting management in being prepared for undergoing a System and Organization 2 (SOC 2) audit of controls related to security, availability, processing integrity and confidentiality. Our involvement has focused on working with management to identify relevant controls and requirement to meet the SOC 2 standard, which will be subject to the audit at a later point in time.

Canadian based private virtual currency miners

Engaged by two different private virtual currency miners to provide financial statement audit services. Both organizations intending to become public and required assistance in:

- Undertaking an audit of the consolidated financial statements for the clients' companies based in Canada;
- Developed an approach to efficiently and objectively validate the existence and completeness of transactions and the ownership of the public keys on the blockchain being utilized by the client.

Accounting treatment for cryptocurrency transactions

The head of our firm's national accounting (IFRS) technical group is one of a group of technical partners from the national firms that are working together to determine the appropriate accounting treatment for cryptocurrency transactions.