



REQUIREMENT TO PROVIDE DOCUMENTS OR INFORMATION

February 26, 2020

0984750 B.C. Ltd (dba QuadrigaCX and Quadriga Coin Exchange)
c/o Ernst & Young Inc.
100 Adelaide Street W.,
Toronto, M5H OB3
Ontario, Canada

Attention: Sharon S Hamilton CPA, CA, CIRP, LIT, Senior Vice-President, Ernst & Young Inc.

Re: Requirement for information on 0984750 B.C. Ltd (dba QuadrigaCX and Quadriga Coin Exchange)
Business Number: 83249 6830 RC0001
Case number: 38452631

For purposes related to the administration or enforcement of the *Income Tax Act* and according to the provisions of subsection 231.2(1) of the Act, Ernst & Young Inc. is required to provide within **thirty (30) days** from the date of receipt of this requirement, the following documents and information for 0984750 B.C. Ltd (dba QuadrigaCX and Quadriga Coin Exchange), business number 83249 6830 RC0001, pertaining to the period from November 1, 2015 to October 31, 2018:

- 1) **Business financial records and documents for the taxation years ended in 2016 to 2018**
 - a) Complete annual financial statements with notes to financial statements.
 - b) Grouping schedules, lead sheets & accountant's working papers tying in the trial balances to the general ledger balances and to the financial statements.
 - c) All adjusting journal entries reconciling the trial balance to the financial statements.
 - d) General ledgers, sub-ledgers, and general journals.
 - e) Detailed year-end lists of:
 - i. Accounts receivables, including an aged listing.
 - ii. Amounts payable and accrued liabilities, including an aged listing.
 - iii. Long-term debt.
 - iv. Other long-term liabilities.

- v. Long-term obligations/commitments.
- vi. Due to shareholders/directors.

- f) Corporate tax returns and the related schedules.
- g) Tax working paper files (lead sheets) to support numbers on the tax schedules.
- h) Working paper files and grouping schedules from representative/accountant.
- i) Corporate organizational chart, executive and management organization chart.
- j) All business agreements and contract documents signed, including agreements signed with all the TPPs (Third Party Processors).
- k) Bank overdraft/loan agreements and loan account statements.
- l) Details of transactions recorded in the shareholder loan and director account.
- m) Details of revenue and the related records.
- n) Details of expenses including supporting documentation such as invoices/receipts.
- o) Corporate bank reconciliations and business banking records including:
 - i. Bank statements - all accounts.
 - ii. Cancelled cheques.
 - iii. Bank deposit books.
 - iv. All corporate credit card statements.

- p) All other documents used in preparing the financial statements and income tax returns.

2) Corporate legal records

We need to review minute books of QuadrigaCX and its related corporations. We require access to the corporate records, including but not limited to, the central security register, share certificates, cancelled share certificates, register of directors, directors' and/or shareholders' resolutions, minutes of directors' and/or shareholders' meetings, memorandum, notice of articles, and articles, and any other records required to be maintained according to the Business Corporations Act [SBC 2002]. If you do not have corporate records at your office, please provide the name, location and contact information of the person who has custody of the corporate records so we can arrange to review these records.

3) Other specific information/documents required

Information (including all electronic data) and documents available to Ernst & Young Inc. from QuadrigaCX, its related corporations, independent contractors and parties with historical involvement with QuadrigaCX. Please also provide all the data, working papers, analysis, information and supporting documentation assembled by Ernst & Young

Inc. in analyzing QuadrigaCX's business and affairs. PLEASE DO NOT INCLUDE CRYPTOCURRENCY PRIVATE KEYS.

We have identified the information and documentation requested as listed below based on review of the Monitor and Trustee Reports prepared by Ernst & Young Inc.

Information and documentation required including but not limited to the following:

3.1) Source data and reports/records

- a) QuadrigaCX's cryptocurrency operating platform raw database, including the Redis data.
- b) Information, data and files of Amazon Web Services Inc. ("AWS") accounts of QuadrigaCX in the name of the shareholder (refers to the late Gerald Cotten, unless specified otherwise), and all the other related and unrelated party.
- c) Initial investigative report prepared by the external consultant.
- d) Report for analysis of the contents of inventory of devices of the shareholder.
- e) E-mail and other communication records and analysis for QuadrigaCX, the shareholder, his spouse, and other parties involved.
- f) Reports of interview with Alex Hanin, the web developer of QuadrigaCX cryptocurrency exchange platform.

3.2) QuadrigaCX Exchange Platform

- a) Lists of accounts or wallet addresses maintained and reconciliations for all funds.
- b) Wallet analysis and addresses mapping.
- c) Wallet details and information for individual cryptocurrency transactions for transfer of cryptocurrency against public blockchain.
- d) Analysis and verification of wallet transactions (hot and cold wallets) for the shareholder and spouse.
- e) Fiat and cryptocurrency inventories between TPPs, bank accounts, wallet addresses and third party exchanges.
- f) Information (including date, amount, name of the competitor exchanges) and documents showing cryptocurrency transferred out of QuadrigaCX controlled wallets to accounts at competitor exchanges maintained in the shareholder's personal name.
- g) Full analysis and working papers for the platform transactional data, including analysis of QuadrigaCX's global withdrawal, funding, trade data and for the two competitor exchanges with accounts held in the name the shareholder/s – the "Exchange Accounts" and the third exchange account (the "Third Exchange") (an offshore exchange). Information required including:

- i. Cryptocurrency returned and not returned to QuadrigaCX.
- ii. Cryptocurrency transferred to wallet addresses controlled by the shareholder and to party/parties other than the shareholder.
- iii. Details and transactions in the margin account established by the shareholder that traded various cryptocurrencies.
- iv. Basis and amount of profit and/or loss resulted from the trading of cryptocurrency in the margin accounts.
- v. Details and data related to the liquidation of all of the bitcoin deposited in the account on the Third Exchange for the equivalent of approximately \$80,000,000 Canadian dollars.
- vi. Details for transactions entered into by two specific trading partners within the Third Exchange with the shareholder.
- vii. All other transactions involving the movement of cryptocurrency out of QuadrigaCX's wallets.

3.3) Fiat Transactions and Third Party Processors ("TPPs")

- a) Analysis of fiat transaction records from third party payment processors.
- b) Analysis of operating disbursements processed through the TPP accounts .
- c) TPPs' information including accounting records, bank account statements from various financial institutions involved with QuadrigaCX's business.
- d) Information of bank accounts, credit card accounts and other financial facilities (40 or more) in the names of the shareholder, his spouse, corporations controlled by them and unrelated parties that were used to process QuadrigaCX's fiat currency transactions.
- e) Information for bank accounts opened on behalf of QuadrigaCX by the TPPs that were frozen or closed by financial institutions.
- f) Details for transactions for transfer of fiat currency from QuadrigaCX to the shareholder and spouse.

3.4) Customers/Users

- a) Detailed information, data and analysis showing the determination of fiat and cryptocurrency owing to the users by QuadrigaCX, 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				

- b) Analysis and working papers for user specific transaction activities (for both fiat and cryptocurrency), including transaction fees charged.
- c) User deposit records on the Platform and the related supporting documentation uploaded by the users.
- d) Analysis and details of “cash transactions and deposits” recorded.

3.5) QuadrigaCX and the Users fund

- a) Details and supporting documents for the determination of potentially inappropriate use of users fund.

3.6) Identified Accounts

- a) Results, detailed analysis of account activities and supporting documents for the “Identified Accounts” (14 or more) controlled by the shareholder, including accounts maintained under various pseudonyms - Chris Markay, Aretwo Deetwo and Seethree Peaohh, etc.
- b) The shareholder Alias account withdrawal/deposit analysis, including fiat deposit analysis finalized.
- c) Crypto analysis of fake accounts.
- d) Chris Markay account analysis
Detailed blockchain analysis and supporting documents of Chris Markay cryptocurrency withdrawal values by year and by currency as 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

3.7) Financial statement information

- a) Complete information and supporting documents for the determination of:
 - i. Fee revenues (for fiat and cryptocurrency) reported within the Platform for the period 2014 through 2019 as shown below.
 - ii. Adjustments made 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

- b) TPP fees and expenses paid to two of the TPPs between 2017 and 2018 in the amount of \$11.8 million.
- c) 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, please also provide the contract.
- d) Records, information and amounts related to:
 - i. Operating costs including legal fees, independent contractor fees, general operating costs including technology services and AWS server fees.
 - ii. Amounts paid or transferred to the shareholder, his spouse and related parties.
 - iii. Fees and trading losses associated with cryptocurrency transferred to external exchanges including cryptocurrency transition sites; and
 - iv. Fees and trading losses associated with margin accounts.

The above list of documents should not be considered exhaustive. We, subsequent to the commencement of our audit, may request further documentation and/or information. The required information above may include documents and information relating to a third party not identified in the subject line above. The documents and information are sought for purposes of the audit of 0984750 B.C. Ltd (dba QuadrigaCX and Quadriga Coin Exchange) and are required as part of the broad powers of the Minister of National Revenue under section 231.2 of the Act. These powers have been confirmed by the Federal Court of Appeal and the Supreme Court of Canada.

To comply with this requirement, please call the auditor, XXXXXXXXXXXXX, within the time specified above to arrange a date and time to make available the documents and information required. Our Computer Audit Specialist can arrange for the transfer of a copy of the QuadrigaCX platform data and the accounting data assembled. You may also reach the auditor's team leader, XXXXXXXXXXXXX.

If you do not comply with this requirement, the Canada Revenue Agency may initiate legal proceedings against you for a compliance order under section 231.7 of the Act. If you do not comply with the compliance order, you could be held in contempt of court.

Sincerely,

XXXXXXXXXX
Manager, Audit
Tax Services Office: XXXXXXXXXXXXX
Fax: XXXXXXXXXXXXX
Address: XXXXXXXXXXXXXXXXXXXXX
XXXXXXXXXXXX
Website: canada.ca/revenue-agency

REGISTERED

APPENDIX “C”