



Affected Users:

This communication provides an update to Affected Users on certain matters.

Motion to Transfer Quadriga Proceedings to Toronto

On August 26, 2019, Ernst & Young Inc. (the “Trustee”) filed a [motion in the Supreme Court of Nova Scotia](#) seeking a transfer of the Quadriga bankruptcy proceedings to Toronto. The Trustee’s motion materials can be found [here](#). The hearing is scheduled for September 10, 2019.

Under [Section 187\(7\) of the Bankruptcy and Insolvency Act \(the “BIA”\)](#), a bankruptcy proceeding can be transferred to another bankruptcy district if there is proof that the proceedings could be more economically administered in the other district or there is sufficient cause to transfer the proceedings.

The Trustee’s position is that the next steps of the case involve coordination among law enforcement agencies to deal with the information requests that the Trustee already has received or expects to receive from these law enforcement agencies. This coordination will require multiple court appearances, which might need to be scheduled on an urgent or confidential basis. The majority of the professionals that will be handling this aspect of the case are located in Ontario. In addition, over 40% of the Affected Users reside in Ontario.

The Official Committee of Affected Users (the “Official Committee”) and Representative Counsel filed materials in support of the Trustee’s motion to transfer the proceedings to Toronto. In our view, any step that will reduce professional fees is in the overall best interests of Affected Users. By moving the proceeding to Toronto, travel costs for the Trustee and its counsel will be saved. Also, the proximity of the professionals to the Commercial Court in Toronto, where the Trustee seeks to transfer this proceeding, will promote the efficient administration of this bankruptcy proceeding. A copy of Representative Counsel’s court filings will be posted on the [Trustee’s website](#) and the [website of Representative Counsel](#) in due course.

Claims Process

The deadline to file a proof of claim was set at August 31, 2019. Representative Counsel will communicate with the Trustee in due course to understand the volume of claims that have been received.

The BIA does not impose a “bar date” for claims precluding parties who believe they have a claim from filing one. [Section 265 of the BIA](#) provides that, if a person fails to file a claim, such person will not participate in any distribution that occurred prior to the filing of their claim; however, assuming their claim is valid, such person would be able to share in any subsequent distribution to creditors.

Accordingly, if you were unable to file your proof of claim before the August 31, 2019 deadline, Representative Counsel recommends you file your proof of claim with the Trustee as soon as possible. Failing to do so may prejudice your ability to share in the initial distribution.

Representative Counsel has prepared a number of guides to help you file your claim. Links to the guides can be found on our [website](#).

Next Communication from Representative Counsel

Representative Counsel anticipates sending a follow up communication to Affected Users after the September 10, 2019 hearing and after receiving a status update from the Trustee on the claims that have been filed.



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