

IN THE HIGH COURT OF NEW ZEALAND  
CHRISTCHURCH REGISTRY

I TE KŌTI MATUA O AOTEAROA  
ŌTAUTAHI ROHE

CIV 2019-409-544

Under Part 19 of the High Court Rules and Part 16 of the  
Companies Act 1993

In the matter of an application concerning **CRYPTOPIA LIMITED (IN  
LIQUIDATION)**

And

In the matter of an application by **DAVID IAN RUSCOE** and **MALCOLM  
RUSSELL MOORE** of **GRANT THORNTON NEW  
ZEALAND LIMITED**

Applicants

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**FIFTH AFFIDAVIT OF DAVID IAN RUSCOE**

**Dated: 13 February 2020**

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**BUDDLEFINDLAY**  
NEW ZEALAND LAWYERS

Barristers and Solicitors  
Wellington

Solicitor Acting: **Scott Barker/ Annie Cao/ Maddie Harris**

Email: [scott.barker@buddlefindlay.com](mailto:scott.barker@buddlefindlay.com); [annie.cao@buddlefindlay.com](mailto:annie.cao@buddlefindlay.com);

[maddie.harris@buddlefindlay.com](mailto:maddie.harris@buddlefindlay.com)

Tel 64 4 499 4242 Fax 64 4 499 4141 PO Box 2694 DX SP20201 Wellington 6140

**AFFIDAVIT OF DAVID IAN RUSCOE IN SUPPORT OF ORIGINATING  
APPLICATION FOR ORDERS FOR DIRECTIONS REGARDING THE  
DIGITAL ASSETS**

I, **David Ian Ruscoe**, of Wellington, Chartered Accountant and accredited insolvency practitioner, swear:


1. I am a Chartered Accountant by profession, and I am a partner in the Wellington office of the firm, Grant Thornton. I am also a RITANZ accredited insolvency practitioner. I am authorised to swear this affidavit on behalf of the Applicants.
2. I refer to my earlier affidavits sworn in these proceedings by way of background. I make this affidavit to provide additional evidence requested by appointed counsel to the Court and to correct some factual points that have been raised with us.

**Balance sheets and GST returns**

3. The further evidence requested by appointed Counsel is balance sheets and GST returns for the Company that pre-date the 31 March 2019 balance that I referred to in my fourth affidavit sworn 7 February 2020. I attach as part of a paginated bundle marked **DIR6** a selection of company prepared balance sheets dating from 2017 and 2018 at **pages 1 to 18**. I also attach a spreadsheet that summarises the December 2018 GST return for the company at **pages 19 to 22** of **DIR6**.

**Cryptopia trading Income**

4. Income was earned in one of the 5 base Cryptopia Cryptocurrencies being Bitcoin (BTC), Litecoin (LTC), Dogecoin (DOGE), NZDT and USDT. Cryptopia took 0.02% of every trade on the exchange as income in one of the 5 mentioned currencies. As part of its daily revenue recognition policy, Cryptopia would then converted the equivalent received from its SQL database and convert the Cryptocurrency to a USD amount based on Coinmarketcap.com then to a NZD based on FX rates from OFX.com. This would then be recorded daily in the Cryptopia Xero. The assets earned would have only been realised until sold in exchange for NZD. There were several OTC (over the counter) providers that Cryptopia used mostly being the Australian domiciled Hivvex and Oneify but also Easycrypto in New Zealand which they did not return GST when sold.

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### **Staking income**

5. Reference was made to the staking income recorded in Cryptopia's profit and loss statement (evidence bundle reference: tab 17, page 301.00240). The liquidators are investigating whether this was properly recorded as income of the company or belongs to the two founders of the company. Until that investigation is complete it may be appropriate to ignore this as a source of business activity and income for the company.

### **Trading Fees GST Treatment**

6. GST was only returned on trading income considered to be generated on New Zealand IP addresses. The assumption was that any other income earned was considered an export and therefore zero rated. To calculate this, Cryptopia's finance team would get the monthly trade data and form a percentage. This percentage was based on total NZ IP's/Total Confirmed IP addresses (those they were able to associated to an actual country). Users would often mask their IP addresses so that it could not be determined from which country they were operating. These were considered NULL users by Cryptopia and removed from the calculation. I understand from Mr Brocket that Cryptopia believed this meant that what Cryptopia was returning was conservative, as the NZ trades would have been inflated given the NULL IP addresses accounted for a large number of trades. I understand that the finance team would then take the total trade fees for the month \* NZ% and include this value in the monthly GST return.

### **Current estimate of losses from the January 2019 hack**

7. The current estimate of the losses arising from the January 2019 hack is NZD30 million.

### **Account holders who did not access account prior to 7 August 2018**

8. In the liquidators' submissions at [112(d)], there was a table that set out the number of account holders (536,662) with a positive coin balance of realisable value whose last log in date was prior to 7 August 2018. In light of the information on API as a way of carrying out trades (set out in my affidavit dated 7 February 2020), my colleagues under my supervision have re-calculated the figures set out at [112(d)]. We have taken the latest access to be the most recent of registration date, last login date, trade date or withdrawal date, including access via API. The updated statistics are:

Row Labels	NZD Equivalent at 24-10-2019	User Number
<6/08/2018	\$ 36,056,387	534,881
2018	\$ 24,443,187	196,291
2019	\$ 110,450,435	228,971
<b>Grand Total</b>	<b>\$ 170,950,009</b>	<b>960,143</b>

9. Overall the number of users has moved down by 1781 users and the sum of the NZD equivalent value of holdings of these account holders has decreased by \$770,369.

#### **Correction to Christopher Watson's second affidavit dated 8 November 2019**

10. Mr Watson at paragraph 13 of his 8 November 2019 affidavit refers to pages 55 to 57 of the University of Cambridge Conceptual Framework on Distributed Ledger Technology Systems (**Framework**). I have been informed by the liquidators' solicitors that this reference is incorrect and that it should instead refer to pages 25 to 27 of the Framework.

#### **Corrections to 8 November 2019 affidavit**

##### *Dentacoin price volatility*

11. In my second affidavit sworn 8 November 2019 at paragraph [40] I referred to an increase in the value of Dentacoin as an example of the volatility in the valuation of cryptocurrencies. To clarify, the change in value that I referred to was due to the rounding. On 23 October 2019 Dentacoin was valued per Coinmarketcap (a website that provides real time pricing for a large range of Cryptocurrencies: <https://coinmarketcap.com/currencies/dentacoin/>) at \$0.000047 USD. On 26 October 2019 the value went to \$0.000072 USD. The valuation rounding to the fourth decimal place meant that the price applied went from 0.0000 USD to 0.0001 USD and therefore holdings moved from zero to 362BTC equivalent.

##### *Base currencies*

12. At paragraph 22 of this affidavit I stated it was only possible for an account holder to transfer one or more of the five base coins in and out of Cryptopia from external sources. That is not correct. Any base coin or alt-coin that was listed on the exchange could be transferred in or out of Cryptopia to or from another exchange or private wallet. As Counsel for the liquidators noted in submissions, holders of the 400 delisted coins could only realise

value from those currently valueless coins if they were able to find another exchange to host them or to find a buyer outside of Cryptopia, subject to the outcome of this directions application.

**Cryptopia Marketplace terms and conditions**

13. In the course of the liquidators' submissions, reference was made by counsel to two sets of terms and conditions in effect before 7 August 2018. The first of these had a section entitled "Marketplace Liability". This set of terms and conditions referred to a separate service offered by Cryptopia in 2016, by which users could sell any item on the platform in exchange for cryptocurrency. Attached at **page 23** of **DIR6** is a screenshot from an archived Cryptopia webpage at January 2016 referring to the Marketplace platform. At that time Cryptopia was offering four services including the cryptocurrency trading platform. I understand the Marketplace was discontinued in or around April 2018.

**Claims for loss by accountholders**

14. One party has lodged an unsecured creditor's claim form for losses allegedly suffered in connection with the collapse of the Cryptopia business. The claim form and correspondence from the claimant's solicitor appear at **pages 24 to 39** of **DIR6**. The liquidators have not adjudicated on this claim because the claimant has yet to respond to a request on our behalf for further information.

**Screenshots of bank webpages**

15. Attached at **pages 40 to 49** of **DIR6** are copies of screenshots from various New Zealand bank webpages that were referred to by Counsel for the creditors in the course of submissions.

Sworn at Christchurch )

this 13th day of February 2020 )



Before me:

A Solicitor of the High Court of New Zealand



David Ian Ruscoe


**Ari James Barrow**  
**Solicitor**  
**Christchurch**

"A"

# Balance Sheet

Cryptopia Limited  
As at 31 March 2017

**EXHIBIT NOTE: A**  
 This is the exhibit marked "DIR6" referred to in the affidavit of **DAVID IAN RUSCOE** sworn at on 13th day of February 2020 before me:

  
 Signature:.....  
 A Solicitor of the High Court of New Zealand

Ari James Barrow  
Solicitor  
Christchurch

31 MAR 2017

**Assets**

<b>Bank</b>	
Dotcoin	36,643.54
<b>Total Bank</b>	<b>36,643.54</b>
<b>Total Assets</b>	<b>36,643.54</b>

**Net Assets** 36,643.54

**Equity**

Current Year Earnings	36,643.54
<b>Total Equity</b>	<b>36,643.54</b>

# Balance Sheet

Cryptopia Limited  
As at 30 June 2017

30 JUN 2017

## Assets

### Bank

ASB - Cheque Account	2,524.32
Bitcoin	349,201.44
Dogecoin	6,606.15
Dotcoin	355,041.12
Litecoin	12,855.32
NZDT	51,910.99
USDT	20,297.42
<b>Total Bank</b>	<b>798,436.76</b>

### Current Assets

Withholding tax paid	0.11
<b>Total Current Assets</b>	<b>0.11</b>

### Fixed Assets

Computer Equipment	27,930.08
Less Accumulated Depreciation on Computer Equipment	(1,700.62)
<b>Total Fixed Assets</b>	<b>26,229.46</b>

**Total Assets** 824,666.33

## Liabilities

### Current Liabilities

Accounts Payable	46,239.56
GST	(8,723.62)
<b>Total Current Liabilities</b>	<b>37,515.94</b>

### Non-current Liabilities

Drawings - Adam	(1,095.69)
Drawings - Rob	(15,713.15)
<b>Total Non-current Liabilities</b>	<b>(16,808.84)</b>

**Total Liabilities** 20,707.10

**Net Assets** 803,959.23

## Equity

Current Year Earnings	767,315.69
Retained Earnings	36,643.54
<b>Total Equity</b>	<b>803,959.23</b>

# Balance Sheet

Cryptopia Limited

As at 30 September 2017

30 SEP 2017

## Assets

### Bank

ASB - Cheque Account	403,156.42
ASB - Credit card	56,875.64
Bitcoin	762,223.01
Dogecoin	12,324.58
Dotcoin	372,141.00
Litecoin	59,785.21
Localbitcoins Wallet	183,523.60
NZDT	66,007.91
USDT	50,900.64
<b>Total Bank</b>	<b>1,966,938.01</b>

### Current Assets

Withholding tax paid	0.11
<b>Total Current Assets</b>	<b>0.11</b>

### Fixed Assets

Computer Equipment	90,668.98
Leasehold Improvements	48,398.59
Less Accumulated Depreciation on Computer Equipment	(12,571.29)
Less Accumulated Depreciation on Leasehold Improvements	(522.14)
Less Accumulated Depreciation on Office Equipment	(83.18)
Office Equipment	2,176.61
<b>Total Fixed Assets</b>	<b>128,067.57</b>

**Total Assets** 2,095,005.69

## Liabilities

### Current Liabilities

Accounts Payable	116,326.43
GST	(38,482.18)
<b>Total Current Liabilities</b>	<b>77,844.25</b>

### Non-current Liabilities

Drawings - Adam	(1,095.69)
Drawings - Rob	(15,713.15)
<b>Total Non-current Liabilities</b>	<b>(16,808.84)</b>

**Total Liabilities** 61,035.41

**Net Assets** 2,033,970.28

## Equity

Current Year Earnings	1,997,326.74
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Balance Sheet

30 SEP 2017

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Retained Earnings  
Total Equity

36,643.54  
2,033,970.28

# Balance Sheet

Cryptopia Limited

As at 31 December 2017

31 DEC 2017

## Assets

### Bank

ASB - Cheque Account	1,409,203.80
ASB - Credit card	76,141.24
Bitcoin	15,323,243.35
Dogecoin	115,845.72
Dotcoin	6,730,991.52
Litecoin	698,939.15
Localbitcoins Wallet	74,504.98
NZDT	282,293.42
USDT	271,004.27
<b>Total Bank</b>	<b>24,982,167.45</b>

### Current Assets

Prepayments	22,881.64
Withholding tax paid	0.11
<b>Total Current Assets</b>	<b>22,881.75</b>

### Fixed Assets

Computer Equipment	359,804.58
Leasehold Improvements	263,630.14
Less Accumulated Depreciation on Computer Equipment	(46,979.04)
Less Accumulated Depreciation on Leasehold Improvements	(5,103.60)
Less Accumulated Depreciation on Office Equipment	(2,018.48)
Office Equipment	62,790.51
<b>Total Fixed Assets</b>	<b>632,124.11</b>

**Total Assets** 25,637,173.31

## Liabilities

### Current Liabilities

Accounts Payable	652,690.27
Funds on Deposit	(2,000.00)
GST	(181,662.23)
Rounding	0.05
Unpaid Expense Claims	16.80
<b>Total Current Liabilities</b>	<b>469,044.89</b>

### Non-current Liabilities

Drawings - Adam	(1,095.69)
Drawings - Rob	(15,713.15)
<b>Total Non-current Liabilities</b>	<b>(16,808.84)</b>

**Total Liabilities** 452,236.05

## Balance Sheet

31 DEC 2017

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<b>Net Assets</b>	25,184,937.26
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**Equity**

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Current Year Earnings	25,148,293.72
Retained Earnings	36,643.54
<b>Total Equity</b>	<b>25,184,937.26</b>

# Balance Sheet

Cryptopia Limited  
As at 31 March 2018

31 MAR 2018

## Assets

### Bank

ASB - Cheque Account	1,249,616.97
ASB - Credit card	599,980.60
ASB - Fast Saver	0.02
Bitcoin	16,113,001.14
Dogecoin	116,492.72
Dotcoin	6,825,929.62
Litecoin	535,874.03
Localbitcoins Wallet	297,147.48
NZDT	22,023.04
USDT	2,153,882.38
<b>Total Bank</b>	<b>27,913,948.00</b>

### Current Assets

Loan - Resolve Support Services Ltd	287,789.00
Prepayments	420,758.89
Withholding tax paid	0.11
<b>Total Current Assets</b>	<b>708,548.00</b>

### Fixed Assets

Computer Equipment	589,984.79
Leasehold Improvements	326,206.10
Less Accum Depn - M/V	(4,629.46)
Less Accumulated Depreciation on Computer Equipment	(115,648.07)
Less Accumulated Depreciation on Leasehold Improvements	(12,821.29)
Less Accumulated Depreciation on Office Equipment	(5,566.18)
Motor Vehicle	61,726.09
Office Equipment	85,779.03
<b>Total Fixed Assets</b>	<b>925,031.01</b>

**Total Assets** 29,547,527.01

## Liabilities

### Current Liabilities

Accounts Payable	831,040.97
GST	(492,834.65)
Holiday Pay Provision	115,684.55
Income Tax	9,385,927.35
Rounding	0.04
RWT/DWT Payable	500,000.00
<b>Total Current Liabilities</b>	<b>10,339,818.26</b>

### Non-current Liabilities

Drawings - Adam	(2,417,662.40)
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	31 MAR 2018
Drawings - Rob	(1,933,269.63)
Net Dividend - Adam	2,440,587.19
Net Dividend - Intranet	1,976,984.36
Net Dividend - Rob	2,199,395.11
Net Dividend - Rose-anna	83,033.34
<b>Total Non-current Liabilities</b>	<b>2,349,067.97</b>
<b>Total Liabilities</b>	<b>12,688,886.23</b>
<hr/>	
<b>Net Assets</b>	<b>16,858,640.78</b>
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<b>Equity</b>	
Current Year Earnings	24,021,997.24
Dividend	(7,200,000.00)
Retained Earnings	36,643.54
<b>Total Equity</b>	<b>16,858,640.78</b>

# Balance Sheet

Cryptopia Limited  
As at 30 June 2018

30 JUN 2018

## Assets

### Bank

Bitcoin	13,672,413.89
Dogecoin	51,256.91
Dotcoin	5,750,856.33
Litecoin	410,452.70
Localbitcoins Wallet	297,147.48
NBS - Cheque Account	268,536.13
NBS - Debit Card Account	28,927.46
NBS - On-Call Savings	2,983,423.05
NZDT	177,522.10
USDT	1,123,322.40
<b>Total Bank</b>	<b>24,763,858.45</b>

### Current Assets

Loan - Resolve Support Services Ltd	287,789.00
Prepayments	642,300.24
Withholding tax paid	0.11
<b>Total Current Assets</b>	<b>930,089.35</b>

### Fixed Assets

Computer Equipment	705,785.57
Leasehold Improvements	337,448.07
Less Accum Depn - M/V	(8,911.71)
Less Accumulated Depreciation on Computer Equipment	(181,533.10)
Less Accumulated Depreciation on Leasehold Improvements	(20,843.30)
Less Accumulated Depreciation on Office Equipment	(9,411.48)
Motor Vehicle	61,726.09
Office Equipment	89,923.98
<b>Total Fixed Assets</b>	<b>974,184.12</b>

**Total Assets** **26,668,131.92**

## Liabilities

### Current Liabilities

Accounts Payable	616,124.65
GST	(813,101.27)
Holiday Pay Provision	115,684.55
Income Tax	6,584,827.46
Rounding	0.04
Unpaid Expense Claims	172.43
<b>Total Current Liabilities</b>	<b>6,503,707.86</b>

### Non-current Liabilities

Drawings - Adam	(2,417,662.40)
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	30 JUN 2018
Drawings - Intranet	(1,976,984.34)
Drawings - R P Wood	(83,033.34)
Drawings - Rob	(2,203,777.87)
Net Dividend - Adam	2,440,587.19
Net Dividend - Intranet	1,976,984.36
Net Dividend - Rob	2,199,395.11
Net Dividend - Rose-anna	83,033.34
<b>Total Non-current Liabilities</b>	<b>18,542.05</b>
<b>Total Liabilities</b>	<b>6,522,249.91</b>
<b>Net Assets</b>	<b>20,145,882.01</b>
<b>Equity</b>	
Current Year Earnings	3,287,241.23
Dividend	(7,200,000.00)
Retained Earnings	24,058,640.78
<b>Total Equity</b>	<b>20,145,882.01</b>

# Balance Sheet

Cryptopia Limited  
As at 30 September 2018

30 SEP 2018

## Assets

### Bank

Bitcoin	8,146,956.22
Dogecoin	35,757.51
Dotcoin	4,448,846.59
Litecoin	289,746.20
Localbitcoins Wallet	297,147.48
NBS - Cheque Account	1,264,841.33
NBS - Debit Card Account	15,548.40
NBS - On-Call Savings	1,470,535.31
NZDT	187,595.45
USDT	1,244,900.74
<b>Total Bank</b>	<b>17,401,875.23</b>

### Current Assets

Loan - Resolve Support Services Ltd	287,789.00
Prepayments	533,772.69
Withholding tax paid	0.11
<b>Total Current Assets</b>	<b>821,561.80</b>

### Fixed Assets

Computer Equipment	874,104.75
Leasehold Improvements	509,794.59
Less Accum Depn - M/V	(13,193.95)
Less Accumulated Depreciation on Computer Equipment	(266,190.49)
Less Accumulated Depreciation on Gym Equipment	(158.81)
Less Accumulated Depreciation on Leasehold Improvements	(30,553.00)
Less Accumulated Depreciation on Office Equipment	(20,753.25)
Motor Vehicle	61,726.09
Office Equipment	453,182.20
<b>Total Fixed Assets</b>	<b>1,567,958.13</b>

**Total Assets** 19,791,395.16

## Liabilities

### Current Liabilities

Accounts Payable	2,162,203.66
GST	(1,213,150.98)
Holiday Pay Provision	115,684.55
Income Tax	1,581,511.19
Rounding	0.04
Unpaid Expense Claims	797.74
<b>Total Current Liabilities</b>	<b>2,647,046.20</b>



30 SEP 2018

<b>Non-current Liabilities</b>	
Drawings - Adam	(2,417,662.40)
Drawings - Intranet	(1,976,984.34)
Drawings - R P Wood	(83,033.34)
Drawings - Rob	(2,203,777.87)
Net Dividend - Adam	2,440,587.19
Net Dividend - Intranet	1,976,984.36
Net Dividend - Rob	2,199,395.11
Net Dividend - Rose-anna	83,033.34
<b>Total Non-current Liabilities</b>	<b>18,542.05</b>
<b>Total Liabilities</b>	<b>2,665,588.25</b>
<b>Net Assets</b>	<b>17,125,806.91</b>
<b>Equity</b>	
Current Year Earnings	267,166.13
Dividend	(7,200,000.00)
Retained Earnings	24,058,640.78
<b>Total Equity</b>	<b>17,125,806.91</b>

# Balance Sheet

Cryptopia Limited

As at 31 December 2018

31 DEC 2018

## Assets

### Bank

Bitcoin	1,832,002.51
Dogecoin	25,443.82
Dotcoin	2,543,067.80
Litecoin	139,936.76
NBS - Cheque Account	676,578.70
NBS - Debit Card Account	14,794.19
NBS - On-Call Savings	14,187.34
NZDT	189,404.40
USDT	1,260,084.76
<b>Total Bank</b>	<b>6,695,500.28</b>

### Current Assets

Loan - Resolve Support Services Ltd	287,789.00
Prepayments	360,361.47
Withholding tax paid	213.16
<b>Total Current Assets</b>	<b>648,363.63</b>

### Fixed Assets

Computer Equipment	1,657,545.96
Gym Equipment	9,363.99
Leasehold Improvements	588,493.09
Less Accum Depn - M/V	(17,476.20)
Less Accumulated Depreciation on Computer Equipment	(401,800.59)
Less Accumulated Depreciation on Gym Equipment	(1,095.21)
Less Accumulated Depreciation on Leasehold Improvements	(43,506.83)
Less Accumulated Depreciation on Office Equipment	(41,879.75)
Motor Vehicle	61,726.09
Office Equipment	463,359.04
<b>Total Fixed Assets</b>	<b>2,274,729.59</b>

**Total Assets** 9,618,593.50

## Liabilities

### Current Liabilities

***SUSPENSE***	(15.20)
Accounts Payable	1,593,794.97
GST	(1,553,584.57)
Holiday Pay Provision	115,684.55
Income Tax	1,580,989.63
PAYE Payable	244,911.53
Rounding	0.11

	31 DEC 2018
Wages Payable - Payroll	(69,168.82)
<b>Total Current Liabilities</b>	<b>1,912,612.20</b>
<b>Non-current Liabilities</b>	
Drawings - Adam	(2,417,662.40)
Drawings - Intranet	(1,976,984.34)
Drawings - R P Wood	(83,033.34)
Drawings - Rob	(2,203,777.87)
Net Dividend - Adam	2,440,587.19
Net Dividend - Intranet	1,976,984.36
Net Dividend - Rob	2,199,395.11
Net Dividend - Rose-anna	83,033.34
<b>Total Non-current Liabilities</b>	<b>18,542.05</b>
<b>Total Liabilities</b>	<b>1,931,154.25</b>
<b>Net Assets</b>	<b>7,687,439.25</b>
<b>Equity</b>	
Current Year Earnings	(9,171,201.53)
Dividend	(7,200,000.00)
Retained Earnings	24,058,640.78
<b>Total Equity</b>	<b>7,687,439.25</b>

# Balance Sheet

Cryptopia Limited  
As at 31 March 2019

31 MAR 2019

## Assets

### Bank

Bitcoin	747,563.39
Dogecoin	24,020.76
Dotcoin	2,432,734.86
Litecoin	281,785.40
NBS - Cheque Account	119,801.57
NBS - Debit Card Account	727.68
NBS - On-Call Savings	134.81
NZDT	9,478.80
USDT	525,255.19
<b>Total Bank</b>	<b>4,141,502.46</b>

### Current Assets

Loan - Resolve Support Services Ltd	287,789.00
Prepayments	212,717.97
Withholding tax paid	220.67
<b>Total Current Assets</b>	<b>500,727.64</b>

### Fixed Assets

Computer Equipment	1,720,031.19
Gym Equipment	9,363.99
Leasehold Improvements	594,952.62
Less Accum Depn - M/V	(21,758.45)
Less Accumulated Depreciation on Computer Equipment	(539,845.17)
Less Accumulated Depreciation on Gym Equipment	(2,031.61)
Less Accumulated Depreciation on Leasehold Improvements	(56,556.32)
Less Accumulated Depreciation on Office Equipment	(63,006.87)
Motor Vehicle	61,726.09
Office Equipment	463,359.04
<b>Total Fixed Assets</b>	<b>2,166,234.51</b>

**Total Assets** **6,808,464.61**

## Liabilities

### Current Liabilities

Accounts Payable	3,633,170.77
GST	(1,737,240.22)
Holiday Pay Provision	138,891.94
Income Tax	1,580,989.63
PAYE Payable	99,419.02
Rounding	0.10
Wages Payable - Payroll	(69,168.82)
<b>Total Current Liabilities</b>	<b>3,646,062.42</b>

31 MAR 2019

<b>Non-current Liabilities</b>	
Drawings - Adam	(2,417,662.40)
Drawings - Intranet	(1,976,984.34)
Drawings - R P Wood	(83,033.34)
Drawings - Rob	(2,203,777.87)
Net Dividend - Adam	2,440,587.19
Net Dividend - Intranet	1,976,984.36
Net Dividend - Rob	2,199,395.11
Net Dividend - Rose-anna	83,033.34
<b>Total Non-current Liabilities</b>	<b>18,542.05</b>
<b>Total Liabilities</b>	<b>3,664,604.47</b>
<hr/>	
<b>Net Assets</b>	<b>3,143,860.14</b>
<hr/>	
<b>Equity</b>	
Current Year Earnings	(13,714,780.64)
Dividend	(7,200,000.00)
Retained Earnings	24,058,640.78
<b>Total Equity</b>	<b>3,143,860.14</b>

# Balance Sheet

Cryptopia Limited

As at 14 May 2019

14 MAY 2019

## Assets

### Bank

Dogecoin	24,487.81
Dotcoin	2,432,734.86
Litecoin	282,859.31
NBS - Cheque Account	679,838.44
NBS - Debit Card Account	6,077.90
NBS - On-Call Savings	134.95
NZDT	9,478.80
USDT	525,255.19
<b>Total Bank</b>	<b>3,960,867.26</b>

### Current Assets

Loan - Resolve Support Services Ltd	287,789.00
Prepayments	123,053.88
Withholding tax paid	220.72
<b>Total Current Assets</b>	<b>411,063.60</b>

### Fixed Assets

Computer Equipment	1,720,031.19
Gym Equipment	9,363.99
Leasehold Improvements	594,952.62
Less Accum Depn - M/V	(21,758.45)
Less Accumulated Depreciation on Computer Equipment	(539,845.17)
Less Accumulated Depreciation on Gym Equipment	(2,031.61)
Less Accumulated Depreciation on Leasehold Improvements	(56,556.32)
Less Accumulated Depreciation on Office Equipment	(63,006.87)
Motor Vehicle	61,726.09
Office Equipment	455,472.52
<b>Total Fixed Assets</b>	<b>2,158,347.99</b>

**Total Assets** 6,530,278.85

## Liabilities

### Current Liabilities

Accounts Payable	3,358,647.04
Bitcoin	1,423,785.49
GST	(1,754,912.24)
Holiday Pay Provision	138,891.94
Income Tax	1,580,989.63
PAYE Payable	77,713.27
Rounding	0.10
Wages Deductions Payable	449.07

14 MAY 2019

Wages Payable - Payroll	(17,700.47)
<b>Total Current Liabilities</b>	<b>4,807,863.83</b>
<b>Non-current Liabilities</b>	
Drawings - Adam	(2,417,662.40)
Drawings - Intranet	(1,976,984.34)
Drawings - R P Wood	(83,033.34)
Drawings - Rob	(2,203,777.87)
Net Dividend - Adam	2,440,587.19
Net Dividend - Intranet	1,976,984.36
Net Dividend - Rob	2,199,395.11
Net Dividend - Rose-anna	83,033.34
<b>Total Non-current Liabilities</b>	<b>18,542.05</b>
<b>Total Liabilities</b>	<b>4,826,405.88</b>
<b>Net Assets</b>	<b>1,703,872.97</b>
<b>Equity</b>	
Current Year Earnings	(1,439,987.17)
Dividend	(7,200,000.00)
Retained Earnings	10,343,860.14
<b>Total Equity</b>	<b>1,703,872.97</b>

# GST Transactions

Cryptopia Limited

For the period 1 December 2018 to 31 December 2018

Date	Source	Description	Reference	Debit	Credit	Running Balance	Gross	GST
<b>GST</b>								
<b>Opening Balance</b>				<b>1,604,208.27</b>	<b>0.00</b>	<b>(1,604,208.27)</b>	<b>0.00</b>	<b>0.00</b>
01 Dec 2018	Spend Money	Hell Pizzas		68.62	0.00	(1,604,276.89)	(68.62)	0.00
01 Dec 2018	Payable Invoice	Just Water New Zealand	19000906597	5.70	0.00	(1,604,282.59)	(5.70)	0.00
03 Dec 2018	Expense Claim	Morgan Jones		3.65	0.00	(1,604,286.24)	(3.65)	0.00
03 Dec 2018	Payable Invoice	Displayworks	4704CS	118.50	0.00	(1,604,404.74)	(118.50)	0.00
03 Dec 2018	Payable Invoice	Office Products Depot	CTI-14943	27.92	0.00	(1,604,432.66)	(27.92)	0.00
04 Dec 2018	Spend Money	Countdown		18.08	0.00	(1,604,450.74)	(18.08)	0.00
04 Dec 2018	Spend Money	SendGrid		338.79	0.00	(1,604,789.53)	(338.79)	0.00
04 Dec 2018	Expense Claim	Morgan Jones		1.64	0.00	(1,604,791.17)	(1.64)	0.00
05 Dec 2018	Spend Money	FFP Canterbury Ltd		4.57	0.00	(1,604,795.74)	(4.57)	0.00
05 Dec 2018	Spend Money	Underground Coffee		43.20	0.00	(1,604,838.94)	(43.20)	0.00
05 Dec 2018	Expense Claim	Tim Brocket		9.91	0.00	(1,604,848.85)	(9.91)	0.00
06 Dec 2018	Expense Claim	Morgan Jones		11.61	0.00	(1,604,860.46)	(11.61)	0.00
06 Dec 2018	Payable Invoice	Sparkling Silver Service Ltd	INV-0030	187.50	0.00	(1,605,047.96)	(187.50)	0.00
07 Dec 2018	Expense Claim	Morgan Jones		18.55	0.00	(1,605,066.51)	(18.55)	0.00
07 Dec 2018	Payable Invoice	DBA Management Ltd	INV-0608	649.69	0.00	(1,605,716.20)	(649.69)	0.00
07 Dec 2018	Payable Invoice	DBA Management Ltd	INV-0608	675.94	0.00	(1,606,392.14)	(675.94)	0.00
07 Dec 2018	Expense Claim	Tim Brocket		11.74	0.00	(1,606,403.88)	(11.74)	0.00
07 Dec 2018	Spend Money	Spark		60.00	0.00	(1,606,463.88)	(60.00)	0.00
08 Dec 2018	Spend Money	Spark		404.23	0.00	(1,606,868.11)	(404.23)	0.00
10 Dec 2018	Expense Claim	Tim Brocket		1.98	0.00	(1,606,870.09)	(1.98)	0.00
10 Dec 2018	Payable Invoice	Office Products Depot		3.98	0.00	(1,606,874.07)	(3.98)	0.00
11 Dec 2018	Expense Claim	Tim Brocket		2.60	0.00	(1,606,876.67)	(2.60)	0.00
11 Dec 2018	Expense Claim	Tim Brocket		15.61	0.00	(1,606,892.28)	(15.61)	0.00
11 Dec 2018	Expense Claim	Tim Brocket		2.60	0.00	(1,606,894.88)	(2.60)	0.00
11 Dec 2018	Spend Money	Pluralsight		5.51	0.00	(1,606,900.39)	(5.51)	0.00
11 Dec 2018	Spend Money	Pot Sticker		6.26	0.00	(1,606,906.65)	(6.26)	0.00
12 Dec 2018	Payable Invoice	Countdown		50.86	0.00	(1,606,957.51)	(50.86)	0.00
12 Dec 2018	Spend Money	Indian Pearl		4.30	0.00	(1,606,961.81)	(4.30)	0.00
13 Dec 2018	Payable Invoice	Sparkling Silver Service Ltd	INV-0037	187.50	0.00	(1,607,149.31)	(187.50)	0.00
13 Dec 2018	Payable Invoice	Office Products Depot		3.19	0.00	(1,607,152.50)	(3.19)	0.00
13 Dec 2018	Payable Invoice	Office Products Depot		2.58	0.00	(1,607,155.08)	(2.58)	0.00
14 Dec 2018	Payable Invoice	DBA Management Ltd	INV-0609	1,338.75	0.00	(1,608,493.83)	(1,338.75)	0.00
14 Dec 2018	Spend Money	Fishpond		15.22	0.00	(1,608,509.05)	(15.22)	0.00
15 Dec 2018	Spend Money	The Social platter Co.		63.26	0.00	(1,608,572.31)	(63.26)	0.00
15 Dec 2018	Spend Money	Hell Pizzas		65.80	0.00	(1,608,638.11)	(65.80)	0.00
16 Dec 2018	Payable Invoice	Midland Properties	008	9,093.13	0.00	(1,617,731.24)	(9,093.13)	0.00
17 Dec 2018	Payable Invoice	Essential IT	35596	334.35	0.00	(1,618,065.59)	(334.35)	0.00
18 Dec 2018	Receivable Invoice	Intranel Consulting Limited	INV-0139	0.00	663.90	(1,617,401.69)	663.90	0.00
18 Dec 2018	Payable Invoice	Montreal 107 Limited	INV-0241	550.94	0.00	(1,617,952.63)	(550.94)	0.00
18 Dec 2018	Payable Invoice	Montreal 107 Limited	INV-0240	145.22	0.00	(1,618,097.85)	(145.22)	0.00
18 Dec 2018	Payable Invoice	Countdown	CD10127411	63.19	0.00	(1,618,161.04)	(63.19)	0.00
18 Dec 2018	Payable Invoice	Countdown	CD10129503	1.70	0.00	(1,618,162.74)	(1.70)	0.00
18 Dec 2018	Payable Invoice	Anderson Lloyd	Dispute with Intranel Xero	740.44	0.00	(1,618,903.18)	(740.44)	0.00
20 Dec 2018	Payable Invoice	Sparkling Silver Service Ltd	INV-0047	187.50	0.00	(1,619,090.68)	(187.50)	0.00
20 Dec 2018	Spend Money	Meridian		363.25	0.00	(1,619,453.93)	(363.25)	0.00
20 Dec 2018	Payable Invoice	Fiducia Limited		2,152.50	0.00	(1,621,606.43)	(2,152.50)	0.00
20 Dec 2018	Payable Invoice	Dempster Builders Ltd	R100843	273.71	0.00	(1,621,880.14)	(273.71)	0.00
20 Dec 2018	Payable Invoice	Initial	50945478	18.72	0.00	(1,621,898.86)	(18.72)	0.00
21 Dec 2018	Payable Invoice	DBA Management Ltd	INV-0610	1,345.31	0.00	(1,623,244.17)	(1,345.31)	0.00
21 Dec 2018	Payable Invoice	Inde Technology Limited	INV-36517	10,337.95	0.00	(1,633,582.12)	(10,337.95)	0.00
22 Dec 2018	Spend Money	Underground Coffee		43.20	0.00	(1,633,625.32)	(43.20)	0.00
22 Dec 2018	Payable Invoice	Spark		224.30	0.00	(1,633,849.62)	(224.30)	0.00
24 Dec 2018	Receive Money	Countdown		0.00	1.17	(1,633,848.45)	1.17	0.00
25 Dec 2018	Spend Money	Powershop		18.01	0.00	(1,633,866.46)	(18.01)	0.00
25 Dec 2018	Spend Money	NPD Moorhouse		14.85	0.00	(1,633,881.31)	(14.85)	0.00
27 Dec 2018	Payable Invoice	Sparkling Silver Service Ltd	INV-0048	187.50	0.00	(1,634,068.81)	(187.50)	0.00
27 Dec 2018	Payable Invoice	Countdown	CD10182859	15.20	0.00	(1,634,084.01)	(15.20)	0.00
30 Dec 2018	Payable Invoice	Oasis	34076	88.03	0.00	(1,634,172.04)	(88.03)	0.00
31 Dec 2018	Payable Invoice	Essential IT	35615	401.33	0.00	(1,634,573.37)	(401.33)	0.00
31 Dec 2018	Payable Invoice	EAP Services Limited	160411	21.30	0.00	(1,634,594.67)	(21.30)	0.00
31 Dec 2018	Payable Invoice	TDM Electrical	04616	561.75	0.00	(1,635,156.42)	(561.75)	0.00
31 Dec 2018	Payable Invoice	Pulse Security	PS00340-13	260.87	0.00	(1,635,417.29)	(260.87)	0.00
31 Dec 2018	Payable Invoice	Voyager Internet Ltd	26572329	241.95	0.00	(1,635,659.24)	(241.95)	0.00
31 Dec 2018	Payable Invoice	MinterEllisonRuddWatts		11,135.84	0.00	(1,646,795.08)	(11,135.84)	0.00
<b>Total GST</b>				<b>43,251.88</b>	<b>665.07</b>	<b>(1,646,795.08)</b>	<b>(42,586.81)</b>	<b>0.00</b>
<b>Closing Balance</b>				<b>1,646,795.08</b>	<b>0.00</b>	<b>(1,646,795.08)</b>	<b>0.00</b>	<b>0.00</b>



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Total	43,251.88	665.07	42,586.81	(42,586.81)	0.00
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42,586.81

	Monthly Trade Fee as per Xero	%NZ	NZ	GST	Zero Rate
	\$ 391,730.75	0.94%	\$ 3,669.09	\$ 478.58	\$ 388,061.66
	<b>Total \$ 391,730.75</b>		<b>\$ 3,669.09</b>	<b>\$ 478.58</b>	<b>\$ 388,061.66</b>

Dec-18

Oct/Nov  
 Total  
 NZ  
 Unknown  
 Less unknown

1,394,201.40  
 13,046.57  
 1,281.55

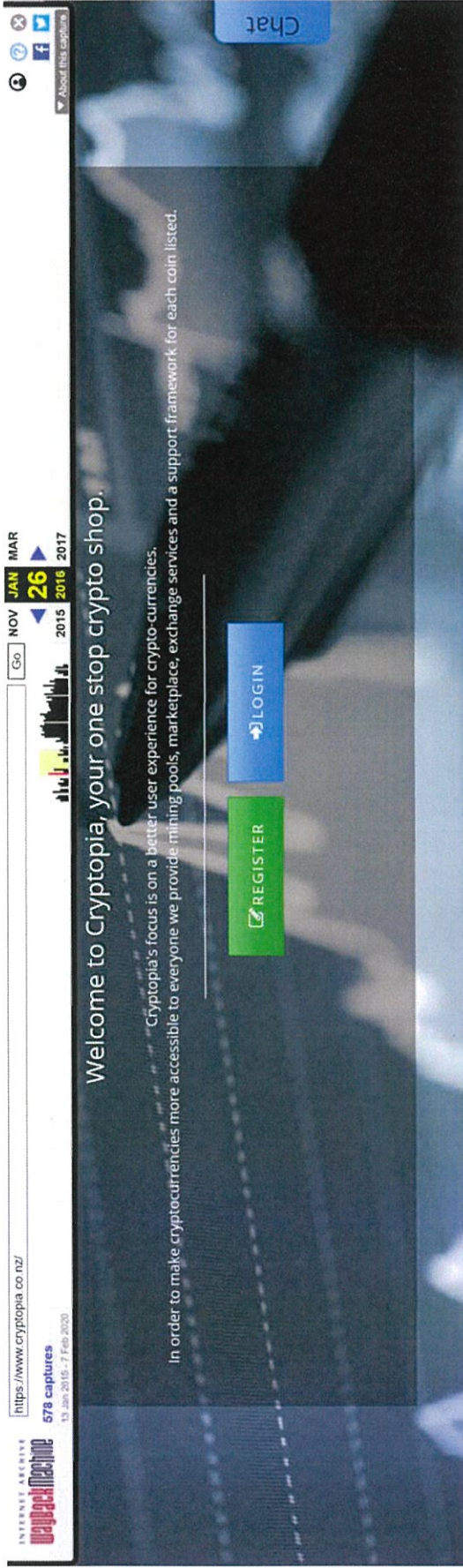
*Used October Data as Database not contactable due to Hack*

0.94%  
 0.09%  
 0.94%

Cryptopia Limited  
 GST return  
 1-Dec-18

	Box										Payment/(Refund)	
	5	6	7	8	9	10	11	12	13	14	15	
		GST on Sales		GST on Expenses								
Dec-18	391,730.75	388,061.66	3,669.09	478.58	478.58	478.58	326,498.88	42,586.81	-	42,586.81	(42,108.23)	

Screenshot of Cryptopia archived webpage dated 26 January 2016



## Marketplace

The Cryptopia marketplace lets you sell anything, to anyone, anywhere in the world in exchange for cryptocurrency.

Buy/Sell items free of charge or setup an Auction or classified listing and start using your crypto today.



10 July 2019

David Ruscoe and Malcolm Moore  
Grant Thornton New Zealand Limited  
PO Box 10712  
Wellington 6143

FROM: Laura Fraser  
DIRECT: +64 9 357 9883  
MOBILE: +64 27 702 6909  
EMAIL: laura.fraser@chapmantripp.com  
REF: 100367450/7160642.2

Dear Liquidators

### LIQUIDATION OF CRYPTOPIA LIMITED – GNY.IO LIMITED

- 1 We act for gny.io Limited (*gny*).
- 2 We write in relation to the liquidation of Cryptopia Limited (*Cryptopia*) and gny's unsecured creditor claim against the company. Gny is a significant claimant in this liquidation, as Cryptopia is indebted to it for the sum of NZ\$27,228,202.35.
- 3 Gny held two accounts with Cryptopia. Those accounts were held in the names of Cosmas Wong and Richard Jarritt, who are both directors and founders of gny. The relevant account details are:
  - 3.1 Email: cosmas@me.com Account Username: cintzieh
  - 3.2 Email: cbdhealthuk@hotmail.com Account username: richyjames10
- 4 **Enclosed** with this letter is our client's creditor claim form, together with supporting documents that substantiate the claim. The particulars of claim in those documents set out the details of the claim, however, in brief, the sum owing to gny arises from the hack of Cryptopia's coin exchange platform on 14 January 2019.
- 5 Gny is happy to provide any further information about its claim that the liquidators may need. We note that you indicated in your 3 July 2019 creditor update that you expect to undertake further AML / KYC checks on Cryptopia account holders. Gny and its directors are willing to provide any details you may require to complete those processes at short notice, so please be in touch as required.
- gny's concerns about Cryptopia's conduct**
- 6 Our client has significant concerns about the way in which Cryptopia operated its exchange platform, and its (and its directors') conduct following the 14 January 2019 hack. Cryptopia operated its exchange platform in a manner susceptible to the hack by failing to:
  - 6.1 safely store tokens on its platform;
  - 6.2 have adequate safeguards to guard against significant security breaches like the hack; and

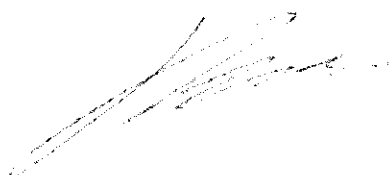
6.3 respond with reasonable care to the hack.

- 7 Cryptopia's inadequate response to the hack was of particular concern to gny. Cryptopia failed to engage with gny in any meaningful way on mitigation measures. Further, Cryptopia made no serious attempt at discussing an appropriate remedy for the hack.
- 8 As a result of our client's serious concerns, on 11 May 2019 gny commenced proceedings against Cryptopia in the Christchurch High Court to remedy its losses. Of course, those proceedings have now been stayed as a result of the liquidation.
- 9 Cryptopia looks forward to understanding the outcome of the liquidators' review of events relating to the hack, including the conduct of Cryptopia's directors and key staff.

**Conduct of the liquidation**

- 10 We note the statement in the first liquidators' report dated 31 May 2019 that the absence of legal precedent on crypto-assets in New Zealand and worldwide means the distribution of these assets and the overall conduct of the liquidation will require significant direction from the New Zealand courts.
- 11 We appreciate that notice will be given to creditors in relation to any directions sought from the court, and we record from the outset that our client may wish to be heard on a number of matters relating to the distribution of crypto-assets.
- 12 Our client also understands that Chaincreator, which runs chaincreator.exchange, has expressed an interest in the purchase of Cryptopia. We would appreciate any further information that may be available about that potential sale.

Yours faithfully



Laura Fraser / Liora Bercovitch  
PARTNER / SENIOR SOLICITOR

DIRECT +64 9 357 9883  
EMAIL [laura.fraser@chapmantripp.com](mailto:laura.fraser@chapmantripp.com)

# Appendix D – Creditor Claim Form

## Unsecured Creditor Claim Form

### Cryptopia Limited (IN LIQUIDATION)

<p>Name and postal address of creditor in full:</p> <p>gny.io Limited 6 Hilgrove Street St Helier Jersey JE4 9ZH</p> <p>Telephone Number:</p> <p>c/o Laura Fraser, Chapman Tripp: 09 357 9883</p> <p>My Reference (if applicable) is:</p>	<p>*Any personal information collected is for the purpose of administering the liquidation in accordance with the Companies Act 1993.</p> <p>The information will be used and retained by the liquidator and will be released to other parties only with your authorisation or in compliance with the Privacy Act 1993.</p> <p>Under Section 304(1) any claim by an unsecured creditor must be in the prescribed form and must –</p> <p>Contain full particulars of the claim; and</p> <p>Identify any documents that evidence or substantiate the claim.</p> <p>You may have access to and request correction of any personal information.</p> <p>* (Not applicable, if creditor is not an individual within the meaning of the Privacy Act 1993)</p>
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I Cosmas Wong, director and founder of gny.io Limited, and Richard Jarritt, founder of gny.io Limited and Chief R&D Officer [if claim is made on behalf of creditor, specify relationship to creditor and authority] claim that the company was at the date it was put into liquidation indebted to the above named creditor for the sum of: **Twenty seven million, two hundred and twenty eight thousand two hundred and two dollars and thirty five cents, \$27,228,202.35**

Either: I hold no security for the amount claimed; ~~or~~  
I am ~~surrendering my security and~~ claiming as an unsecured creditor  
**[Omit whichever does not apply]**

Full particulars of the claim are set out, and any supporting documents that substantiate the claim, are identified on the reverse of this form.

**N.B. Copies of the documentation supporting this claim should be attached to this form and forwarded to the Liquidator in terms of section 304(2) of the Companies Act 1993.**

Signed:  Signed:  Date: 9/ 7 / 2019

#### WARNING

It is an offence under Section 304(6) of the Companies Act 1993 to –

Make or authorise the making of, a claim that is false or misleading in a material particular knowing it to be false or misleading; or

Omit, or authorise the omission from a claim of any matter knowing that the omission makes the claim false or misleading in a material particular.

<p>Liquidator (Date Stamp)</p>	<p>Reserved for Office Use:</p> <p>Claim rejected for payment: <input type="text"/> Signed: <input type="text"/> Date: / /</p> <p>Claim admitted for payment:</p> <p>Preferential Claim for: <input type="text"/> Ordinary Claim for: <input type="text"/> Deferred Claim for: <input type="text"/></p> <p>Signed Liquidator: <input type="text"/> Dated: / /</p> <p><b>Note: If the decision to admit or reject a claim is amended the Liquidation Regulations 1994 requires that it be recorded in writing</b></p>
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## PARTICULARS OF CLAIM

Date	Details of Claim and Identification of Documents that Evidence or Substantiate the Claim	Amount \$
14 January 2019	<p>As a result of the 14 January 2019 hack of Cryptopia, gny.io lost a total of 15,409,316.7196351 Lisk Machine Learning tokens from its two user accounts. The total value of gny.io's LML tokens was 491.24901730 Bitcoin BTC at the date of the hack.</p> <p>The gny.io user accounts are held in the names of Cosmas Wong and Richard Jarritt:</p> <p>Email: cosmas@me.com Account Username: cintzieh</p> <p>Email: cbdhealthuk@hotmail.com Account username: richyjames10</p> <p>The total value of gny.io's lost tokens as at 4 July 2019 is NZD \$8,558,622.43 (as set out in the attached calculation of loss, which shows that at 4 July, 2019 gny.io's lost LML had an equivalent value to 490.18961407 BTC, with each BTC having a value of US\$11,718 on that date. The USD – NZD conversion uses the RBNZ conversion rate). Further particulars are as set out in the statement of claim and record of gny.io's Cryptopia account balance enclosed with this creditor claim.</p>	NZD \$8,558,622.43
14 January 2019 and continuing	<p>gny.io is suffering ongoing and deepening loss of liquidity as a result of the hack. Since the hack, the market capitalisation of the LML tokens have reduced by over NZD \$18,669,579.92 (again as set out in the attached calculation of loss).</p> <p>Further particulars as set out in the statement of claim, LML's daily trading volume, and record of gny.io's Cryptopia account balance are enclosed with this creditor claim.</p>	NZD \$18,669,579.92

If applicable, please record here your GST Registration number:

and total GST included in your claim: \$



In the High Court of New Zealand  
Christchurch Registry  
I Te Kōti Matua O Aotearoa  
Ōtautahi Rohe

CIV-2019-409

*between:* **gny.io Limited**, a duly incorporated company in  
Jersey, Channel Islands having its registered address  
at 6 Hilgrove Street, St Helier, Jersey  
*Plaintiff*

*and:* **Cryptopia Limited**, a duly incorporated company  
having its registered address at 410 Colombo Street,  
Sydenham, Christchurch, New Zealand  
*Defendant*

Statement of claim

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Dated: 11 April 2019

---

REFERENCE: L L Fraser (laura.fraser@chapmantripp.com)  
L C Bercovitch (lora.bercovitch@chapmantripp.com)

Chapman Tripp  
T: +64 9 357 9000  
F: +64 9 357 9099

23 Albert Street  
PO Box 2206, Auckland 1140  
New Zealand

www.chapmantripp.com  
Auckland, Wellington,  
Christchurch

CHAPMAN  
TRIPP 

**STATEMENT OF CLAIM**

The plaintiff, through its solicitor, says:

**The parties**

- 1 The plaintiff, gny.io Limited, is a duly incorporated company registered in Jersey, Channel Islands incorporated under the Companies (Jersey) Law 1991 and having its registered office at 6 Hilgrove Street, St Helier, Jersey.
- 2 The defendant, Cryptopia Limited, is a duly incorporated company having its registered address at 410 Colombo Street, Sydenham, Christchurch, New Zealand.

**Background***The defendant's platform and services*

- 3 The defendant is a financial service provider regulated by the Financial Markets Conduct Act 2013.
- 4 The defendant operates and provides services through its website and associated applications (the **Platform**). Through use of the Platform and services operated and provided by the defendant, users can:
  - 4.1 buy, sell and exchange supported cryptocurrency coins; and
  - 4.2 store supported coins in the defendant's hosted wallets.
- 5 The defendant's standard terms and conditions are available on its website and apply to the Platform and the services operated and provided by the defendant.

*Particulars*

- 5.1 The defendant's terms and conditions provide, inter alia:

CI 8(a): We will use reasonable care in operating our Platform, so as to limit disruptions to the Platform, User Accounts and our Services...
- 6 In addition to the defendant's terms and conditions, the defendant's website makes representations about the manner in which the defendant operates and provides its services.

*Particulars*

- 6.1 The home page of the defendant's website makes, inter alia, the following representations:

Keep your coins safe.

We are ethically run from New Zealand, regulated by New Zealand law and a leading trusted exchange.

Be secure.

Our exchange is simple to use, fast and secure.

Cryptopia offers users the best global transparent exchange platform to trade cryptocurrencies.

(the **Representations**)

*The plaintiff's use of the Platform*

- 7 The plaintiff carries on business as a software development company.
- 8 The plaintiff trades in cryptocurrency through its two tokens, GNY Tokens and Lisk Machine Learning tokens (**LML tokens**).
- 9 From in or around 28 November 2018 the plaintiff commenced listing and exchanging its LML tokens on the Platform in accordance with the defendant's terms and conditions.
- 10 The plaintiff's LML tokens were managed on two user accounts, being username: cintzieh and username: richyjames10.
- 11 The plaintiff also lists its LML tokens on Bitbay, a European cryptocurrency exchange.

**Hack of the Platform and the plaintiff's losses**

- 12 On 14 January 2019 a hacker or a group of hackers obtained access to the defendant's server (the **Hack**).
- 13 In the Hack the hacker/s moved tokens stored in wallet addresses controlled by the defendant to other wallet addresses outside the defendant's control.
- 14 The Hack was a major breach of the defendant's system.

- 15 The plaintiff lost a total of 15,409,316.7196351 LML tokens as a result of the Hack. That amount was 100% of all the plaintiff's LML tokens held in the plaintiff's user accounts on the Platform.
- 16 The total value of the plaintiff's lost LML tokens was 492.3356489 BTC around the date of the Hack, being approximately US \$2,500,000.
- 17 The plaintiff is suffering an ongoing and deepening loss of liquidity as a direct result of the Hack.

*Particulars*

- 17.1 The plaintiff has tracked a number of its stolen LML tokens on Bitbay, but the plaintiff is unable to recover those stolen tokens.
  - 17.2 The stolen tokens have and are eroding the price of all LML tokens.
  - 17.3 LML tokens are continuing to suffer reputational damage.
  - 17.4 Many LML customers have reduced or ceased purchasing LML tokens.
  - 17.5 As a result, the plaintiff's losses continue to mount.
  - 17.6 Since the Hack, the market capitalisation of the LML tokens have reduced by over US \$6,000,000.
  - 17.7 Further particulars to be provided closer to trial.
- 18 Since the Hack, the plaintiff repeatedly attempted to engage with the defendant to mitigate its losses arising from the Hack.

*Particulars*

- 18.1 The plaintiff's attempts to engage with the defendant include:
  - 7 March 2019 email
  - 8 March 2019 emails
  - 11 March 2019 email

- 13 March 2019 email
- 14 March 2019 email
- 18 March 2019 email and letter
- 19 March 2019 email
- 20 March 2019 email

19 The defendant's engagement with the plaintiff since the Hack was intermittent and slow, and the defendant failed to engage with the plaintiff on mitigation measures.

*Particulars*

19.1 Correspondence from the defendant:

- 7 March 2019 email
- 8 March 2019 emails
- 13 March 2019 email
- 14 March 2019 email
- 18 March 2019 email

**FIRST CAUSE OF ACTION – BREACH OF CONTRACT**

The plaintiff repeats paragraphs 1 to 19 above and says further that:

20 The defendant's terms and conditions apply to the Platform and the services operated and provided by the defendant.

21 In breach of its terms and conditions, the defendant failed to manage the platform and provide services with reasonable care by failing to:

21.1 safely store tokens on the Platform;

21.2 have adequate safeguards to prevent the Hack; and

21.3 respond with reasonable care to the Hack.

22 The plaintiff has suffered loss and is likely to suffer further loss, as a result of the defendant's breach of contract.

**AND the plaintiff claims:**

- (a) damages in an amount to be quantified;
- (b) interest; and
- (c) costs.

**SECOND CAUSE OF ACTION – BREACH OF FAIR TRADING ACT 1986**

The plaintiff repeats paragraphs 1 to 19 above and says further that:

- 23 At all material times, the defendant was in trade for the purposes of the Fair Trading Act 1986 (the **FTA**).
- 24 The defendant made the Representations about the safety and security of the Platform and services.
- 25 The Representations were false and/or misleading in breach of s 13 of the FTA.
- 26 The plaintiff has suffered loss, and is likely to suffer further loss, as a result of the defendant's conduct.

**AND the plaintiff claims:**

- (a) a declaration that the defendant made false or misleading representations in trade in breach of s 13 of the FTA by engaging in the relevant conduct;
- (b) an order directing the defendant to pay the plaintiff an amount to be quantified, under s 43 of the FTA;
- (c) interest; and
- (d) costs.

**THIRD CAUSE OF ACTION – BREACH OF FINANCIAL MARKETS CONDUCT ACT 2013**

The plaintiff repeats paragraphs 1 to 19 above and says further that:

- 27 At all material times, the defendant was a financial services provider for the purposes of the Financial Markets Conduct Act 2013 (the **FMCA**).
- 28 The defendant made the Representations about the safety and security of the Platform and services.
- 29 The Representations were false and/or misleading in breach of s 22 of the FMCA.
- 30 The plaintiff has suffered loss, and is likely to suffer further loss, as a result of the defendant's conduct.

**AND the plaintiff claims:**

- (e) a declaration that the defendant made false or misleading representations in breach of s 22 of the FMCA by engaging in the relevant conduct;
- (f) a compensatory order in an amount to be quantified;, under s 494 of the FMCA.
- (g) interest; and
- (h) costs.

**FOURTH CAUSE OF ACTION – BREACH OF CONSUMER GUARANTEES ACT 1993**

The plaintiff repeats paragraphs 1 to 19 above and says further that:

- 31 At all material times the defendant was providing a service and the plaintiff was a consumer as defined under the Consumer Guarantees Act (the **CGA**).
- 32 Pursuant to s 28 of the CGA, the defendant guaranteed that its services would be carried out with reasonable care and skill (the **Guarantee**).
- 33 The defendant breached the Guarantee.

34 The plaintiff has suffered loss, and is likely to suffer further loss, as a result of the defendant's breach of the Guarantee.

**AND the plaintiff claims:**

- (i) damages in an amount to be quantified;
- (j) interest; and
- (k) costs.

This document is filed by Laura Louise Fraser, solicitor for the plaintiff, of the firm Chapman Tripp. The address for service of the plaintiff is at the offices of Chapman Tripp, Level 38, 23 Albert St, Auckland.

Documents for service on the plaintiff may be delivered to that address or may be:

- (a) posted to the solicitor at PO Box 2206, Auckland; or
- (b) emailed to the solicitor by the email addresses on the front page of this document provided that a hard copy is also posted.



Cryptopia Exchange Loss

Name	Username	LML	Equip BTC	4-Jul	BTC
Cosmas Wong	cintzieh	9,388,671.87878065	299.31085950		0.20169347
Richard Jarritt	richyjames	6,020,644.84085440	191.93815753		0.85770949
		15,409,316.71963510	491.24901703	491.24901703	1.05940296

Total BTC withdrawn -1.05940296

Total Claim for LML 490.18961407 490.18961407

BTC \$ 9,110.08 \$ 11,718.00

Equip in USD \$ 4,465,666.60 \$ 5,744,041.90

Equip in NZD \$ 6,545,774.10 \$ 8,558,622.43

Total Loss in LML Market Cap

LML Market Cap Jan 13, 2019 \$ 14,094,529

LML Market Cap June 19, 2019 \$ 1,599,102

Total Loss in Market Cap \$ 12,495,427

USD total \$ 12,495,427.00 \$ 12,495,427.00

Equip in NZD \$ 18,315,796.90 \$ 18,669,579.92

Total Claim against Cryptopia USD \$ 16,961,093.60 \$ 18,239,468.90

Total Claim against Cryptopia NZD \$ 24,861,571.00 \$ 27,228,202.35

Cryptopia Limited liquidation: gny.io Limited creditor claim

Gny.io Limited account balance

11:13 Tue 30 Apr

cryptopia.co.nz

Artisan Paring 80mm - Artis... Washington Post: Breaking... Cryptopia - Account PLANET NINE - Sparkbook www.yachtparkbooks.com/...

**CRYPTOPIA**

**cintzieh**  
Karma Points: 0

Account Settings Security Notifications **Balances** Open Trades Karma Paytopia Deposit History Withdraw History Trade History Transfer History Referral History

### Balances

Estimated BTC: ~~293.11085950~~ BTC  
Estimated BTC(Altcoin only): ~~293.31085950~~ BTC

You have used 1,492.53 of your 50,000.00 NZD [View Trade](#).

ACTIONS	CURRENCY	AVAILABLE	TOTAL	OPEN ORDERS	EST. BTC	FAVORITE
	Bitcoin(BTC)	0.00000000	0.20169347	0.00000000	0.20169347	<input checked="" type="checkbox"/>
	Cryptopia Loss Marker(CLM)	168.75850088	168.75850088	0.00000000	0.00000000	<input type="checkbox"/>
	Lisk Machine Learning(LML)	9388671.87878065	9388671.87878065	0.00000000	299.31085950	<input type="checkbox"/>

**WARNING** Please do not mine directly to your Cryptopia addresses. We do not support generated transactions from pools like P2Pool etc.

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on only: 191.93816038 BTC

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CURRENCY	AVAILABLE	TOTAL	OPEN ORDERS	EST. BTC
ON(ANON)	0.07825015	0.07825015	0.00000000	0.00000286
coin(BTC)	0.05573856	0.85770949	0.80197093	0.85770949
Machine Learning(LML)	5157303.58370706	6020644.84085440	863341.25714734	191.93815753
ther(USDT)	0.00000240	0.00000240	0.00000000	0.00000000

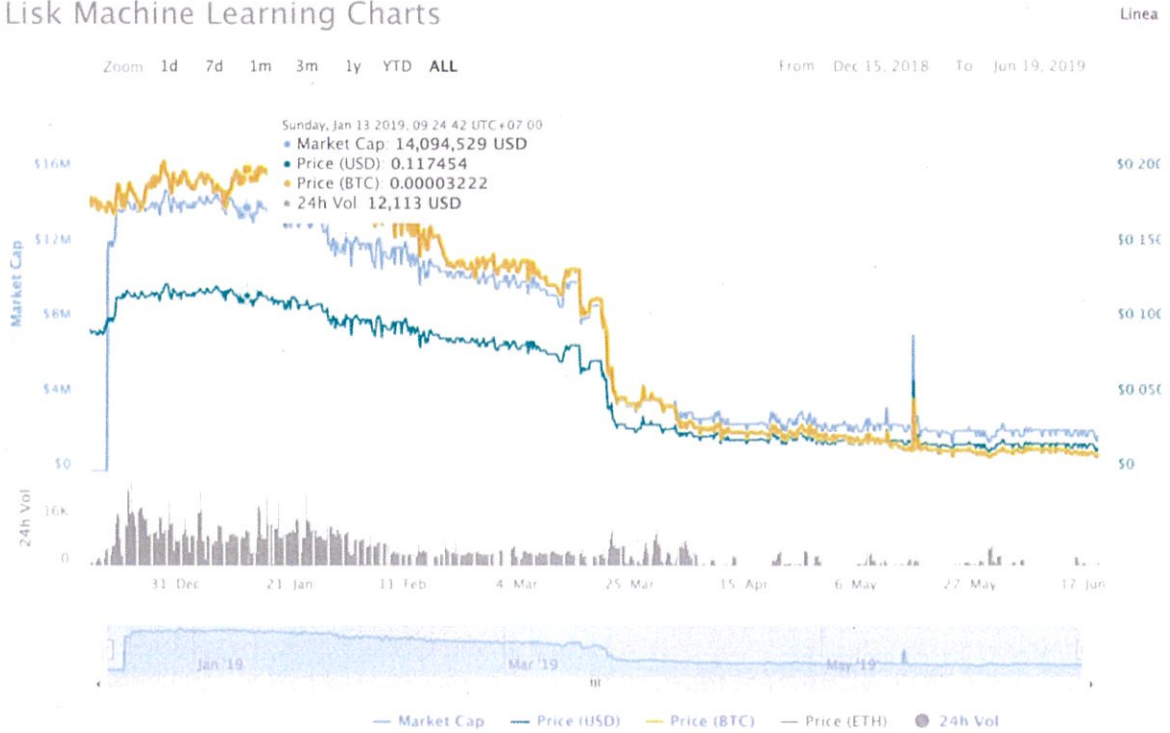
WARNING Please do not mine directly to your Cryptopia addresses, We do not support generated transactions from pools like P2Pool etc.

Previous 1

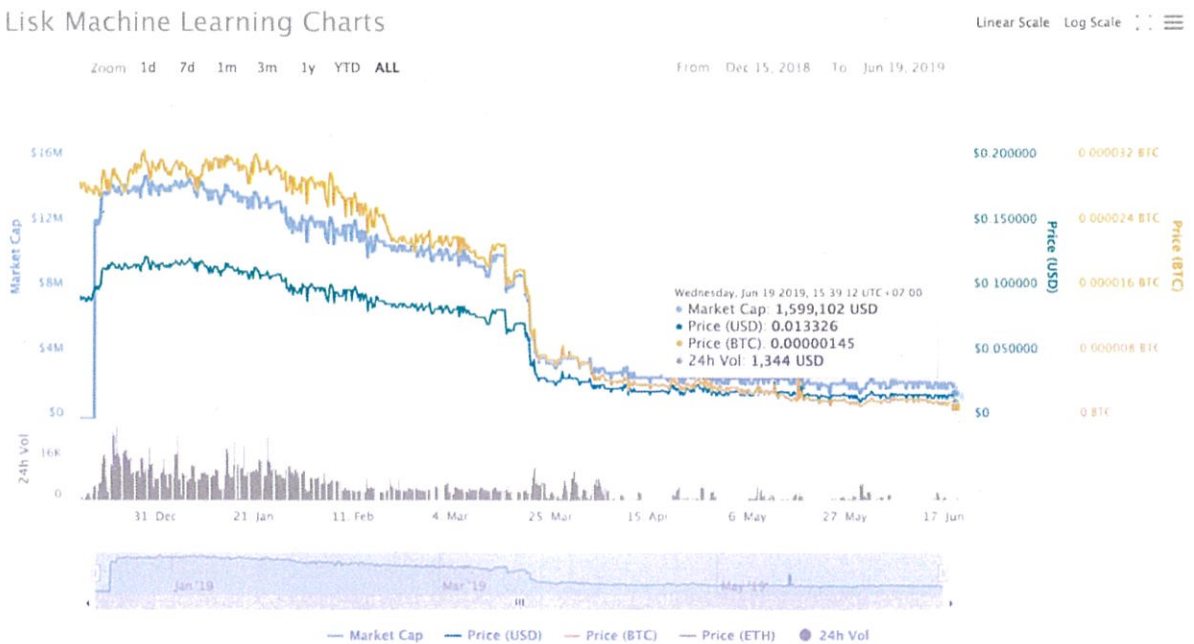
Cryptopia Limited liquidation: gny.io Limited creditor claim

Lisk Machine Learning token daily trading volume

Lisk Machine Learning Charts



Lisk Machine Learning Charts



Timesheet - Jane B... <https://www.courts...> anz.co.nz

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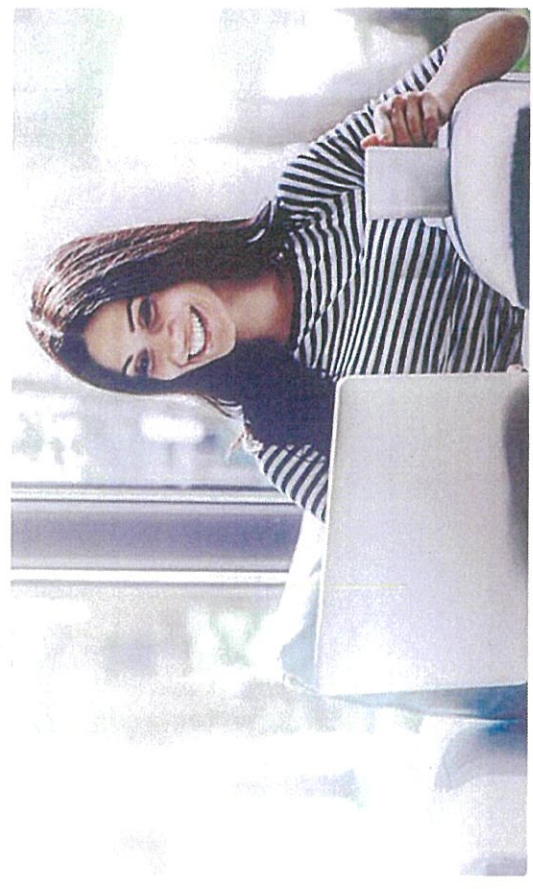
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- ✓ Spot trends in your expenses and income



**ASB**

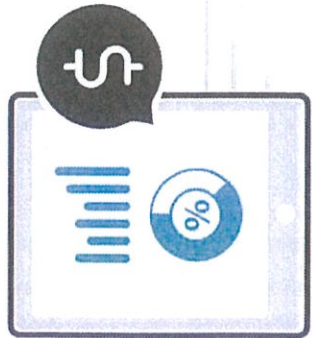
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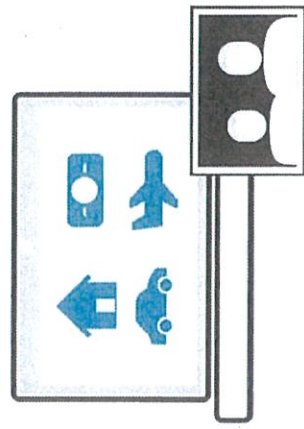


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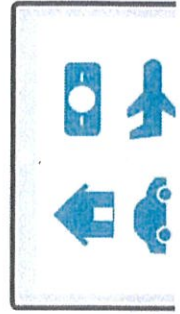
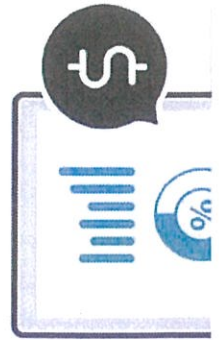
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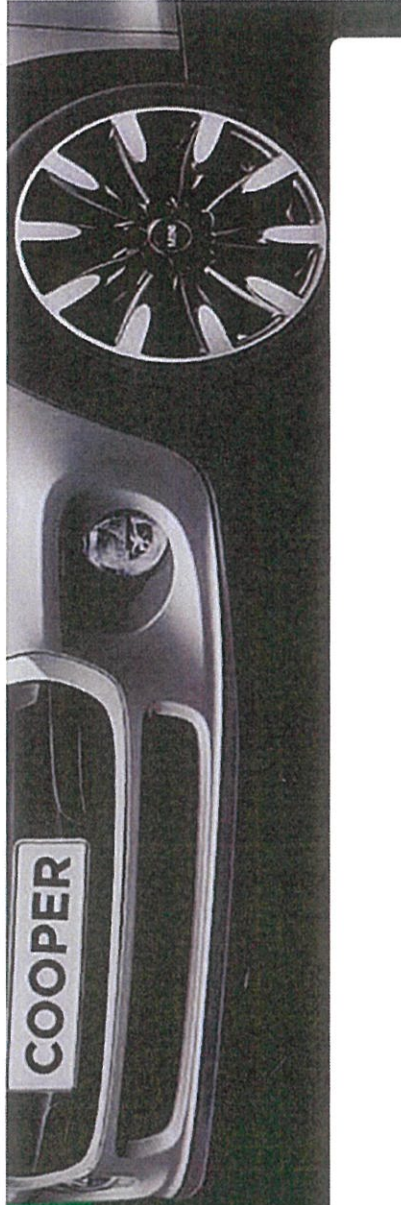
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